
CITY OF HOLLISTER

California



City of Hollister's Proposed New Fire Station #1

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2011

**CITY OF HOLLISTER
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

**PREPARED BY
FINANCE DEPARTMENT**

CITY OF HOLLISTER
FOR THE YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION





CITY OF HOLLISTER

375 Fifth Street • Hollister, CA 95023-3876

December 21, 2011

To the Honorable Mayor, City Council and the Citizens of Hollister, California

The Comprehensive Annual Financial Report (CAFR) of the City of Hollister (City) for the fiscal year ended June 30, 2011, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and present fairly the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and cash flow, where applicable, thereof for the fiscal year then ended. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found on pages 3 through 14 of this report.

The financial reporting entity of the City includes all the funds of the primary government (i.e., Hollister City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, certain districts and agencies accounted for in the Special Revenue and Trust and Agency Fund Types are reported as part of the primary government.

For a more detailed overview of the City's component units see the Notes to the Basic Financial Statements.

PROFILE OF THE GOVERNMENT

Hollister is a city in and the county seat of San Benito County, California, United States. The population was 34,413 at the 2000 census and is currently 36,599. Hollister is primarily an agricultural town. The Mutsun Ohlone Indians were the first known inhabitants of the Hollister region.

The town, then located in Monterey County, was founded November 19, 1868 originally as the San Justo Homestead Association, established by William Welles Hollister (1818–1886), a group that originally intended to name it San Justo. An association member, Napa vintner Henry Hagen, objected. Hagen argued that place names in California were dominated by Spanish saint names, and suggested that the state should have a town named after someone less holy. The City was incorporated on August 29, 1872. The western portion of San Benito County, including Hollister, was separated from Monterey County in 1874. The county was expanded eastward in 1887 to include portions taken from Merced and Fresno Counties.

The City of Hollister is a General Law City and is governed by a “Council Manager” form of government. The Council, as the legislative body, represents the citizens of Hollister, and is empowered by the Municipal Code to formulate citywide policy, enact local legislation, adopt budgets, and appoint the City Manager and City Attorney.

The City Council consists of five Council Members who are elected by district by the citizens of Hollister, and serve staggered four-year terms, with elections held in November of even-numbered years. The Council Members elect the Mayor from among themselves every year.

The City of Hollister has 123 full time employees and an operating budget of over \$53,000,000. The City offices are comprised of the following departments: City Manager, City Attorney, City Clerk, Administrative Services (Finance and Human Resources), Information Systems, Development Services (Planning, Building, and Redevelopment), Code Enforcement, Engineering, Community Services (Public Works, Operation and Maintenance, Utilities, and Recreation), Airport, Fire, and Police (which includes Animal Control).

The City provides a full range of services including law enforcement; fire protection; the construction and maintenance of streets and infrastructure assets; code enforcement; building inspections; water and wastewater; and administration.

MAJOR INITIATIVES

City of Hollister is undertaking several major initiatives notwithstanding significant fiscal limitations:

Issuance of the Redevelopment Agency’s 2009 Tax Allocation Bond and continued construction of the remodeling of the City’s Fire Station

On July 22, 2009, the Redevelopment Agency of the City of Hollister issued \$8,000,000 in tax allocation bonds. The proceeds of the bond have been used to start the remodeling of the City’s Fire Station Number one. Construction is planned to be finished by the end of the next fiscal year.

State of California Budget Bill X1 26 and X1 27

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provide a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 28 indicates that the city may use any available funds not otherwise obligated for other uses to make this payment. The City intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Measure T Sales Tax Initiative

On November 6, 2007, the citizens of the City of Hollister passed Measure T which increase the City's sales and use tax by 1%. The measure also required the assemblage of an advisory citizens' oversight committee which tracks the spending of the tax proceeds. The tax increase will sunset after five years. The sunset date is March 31, 2013. The City has started developing an austerity plan in case the tax initiative does not pass a renewal vote.

Other Redevelopment Agency Project

The City's redevelopment agency is working with Developers to continue redevelopment projects.

Vista Meadows Senior Housing

The City provided public infrastructure and financing to help in the completion of the Vista Meadows Senior Housing project. The project is a 72 unit very low income senior housing apartment complex.

Self-Help Housing

The City provided public infrastructure and financing to help in the completion of 25 self-help low income housing units.

FACTORS AFFECTING FINANCIAL CONDITION

Foreclosures

Foreclosures continue to be a major factor for the City. At one time the City was the second worst City in the State of California for foreclosures based on estimates from Realtytrac.com. Currently 1 in every 148 housing units received a foreclosure filing in 2011.

According to Realtytrac.com, there are approximately 461 homes in the City of Hollister that are at some stage of foreclosure as of the end of fiscal year 2011:

- 177 Homes are currently-Bank Owned properties
- 132 Homes are scheduled for Trustee Sale; and
- 152 Homes are in Pre-Foreclosure process (Notice of Defaults-most of these units will be foreclosed)

The median home sales price for the City of Hollister has increased from \$245,000 as of October 2010 to \$246,000 as of October 2011. The current average foreclosure sales price is at \$266,893.

In addition, according to the California Department of Finance, the estimated residential foreclosure rate for the City of Hollister is 4.3%, based on the total number (461) of foreclosure filings divided by the total number (10,584) of residential housing units.

Abandoned and foreclosed homes have had an adverse impact on various major metropolitan, suburban and rural areas to varying degrees. Specifically, the City of Hollister has been burdened with a correlated rise in blight, vandalism, illegal occupancy, code enforcement violations and declining land values as a result of abandoned and foreclosed homes and the declining housing market. Recently, the City increased the number of code enforcement officers in an effort to properly mitigate the negative impacts caused by code enforcement violations.

Based on HUD projections, this matter is only forecasted to worsen due to relaxed underwriting standards in the recent past, for mortgages that are due to have variable interest rates reset in the near future, thus producing an increase in mortgage defaults and eventual foreclosures.

Homeowners who can't keep up with their mortgages aren't the only ones being hit by the foreclosure crisis. City and County governments are losing time and money to the problem. Assessors have to look more closely at housing to figure out its market value. Inspectors spend more time citing properties for health and safety sub-standards. Houses are taking longer to sell which keeps them off tax rolls. Unoccupied houses also don't use utilities such as water; sewer and garbage services, meaning the costs have to be spread among fewer people.

It takes a significant amount of time and resources to track down the owners of foreclosed properties. It's difficult to find the owners because mortgage loans are resold among lenders and investors. It is much more cost effective for lenders to work with at-risk homeowner's to keep them in their homes. The Foreclosure Prevention Workshops will be valuable and necessary in meeting the needs of the community by educating at risk homeowners on various options of foreclosure prevention.

The public's concern has expedited the need to develop a pro-active foreclosure prevention program; therefore City staff is exploring the creation of a Hollister Neighborhood Stabilization Pilot-Program, with a multi-approach to developing a local foreclosure prevention strategy. The strategy includes:

- Continue the implementation of the City Ordinance requiring Lenders to register foreclosure homes;
- Collaborate with the County of San Benito to conduct Foreclosure Prevention Workshops in an effort to educate households at risk of losing their homes and promote awareness of fair housing in the community as well as pursuing additional funding opportunities;

- Stabilize neighborhoods deeply affected by foreclosure crisis by acquiring foreclosed and/or abandoned homes with limited rehabilitation requirements. Rehabilitate the homes to meet minimum housing quality standards and cost effective energy efficiency if needed and sell them to low and moderate-income households up to 120% of area median income;
- Continue providing Downpayment Assistance to first-time homebuyers to purchase foreclosure homes; and
- Collaborate with the County of San Benito to apply for additional funding.

Unemployment

San Benito County's unemployment rate was 15.7% for June 2011 per the Bureau of Labor Statistics (www.bls.gov/cgi-bin/dsrv). The unemployment rate has been as high as 22.9% this calendar year well above the National's average of 9.7%. This equated to more than 3,500 individuals that were unemployed (not adjusted for seasonal employment) in the local area in October 2011.

Retail Sales

Retail sales occurring in the April through June quarter were 8.9% higher than the same period last year for the City. The State of California retail sales tax increase 9.4% higher for the same period. However, this is a decrease compared to 2008 which was the City's highest year.

Fiscal Year 2011-2012 second Quarter Financial Forecast

Similar to the vast majority of public agencies and private enterprises around the globe, City of Hollister is experiencing financial crises involving swells of instability in the financial markets, significant delays of cash reimbursement from the State of California for services provided on their behalf, and a budget challenge deeper than the City has seen in decades.

Many long-term financial challenges are occurring concurrently and deepening suddenly. The State of California has been delaying or deferring payments to the City of Hollister for mandated costs, Highway User taxes, and other payments. It has caused a cash crunch that is demanding extraordinary cash management efforts to be performed by the Finance office. Because of the global liquidity crisis in the financial markets, the State of California and others, including the City of Hollister, do not have access to additional credit at affordable rates. This credit crunch requires staff to seek short-term cash flow borrowing between City operating and special revenue and enterprise funds to ensure sufficient operating capital through the end of the fiscal year. And, last but not least concerning, the City is expecting a \$3.5 million budget shortfall in tax revenues, interest earnings, other revenues and unanticipated expenses by fiscal year 2013-2014.

Economy-driven impacts to City provided programs and services will be less severe with proactive management of the City's budget. A broad array of immediate actions will be taken to ensure sufficient liquidity, by curtailing spending, improving revenue collections, and adjusting to a new economic condition. Actions may include increased advocacy, internal borrowing, extraordinary reviews of proposed hiring, a stringent purchase and contract review procedure, deferment of capital projects, and required cost reductions.

While analysis finds substantial department budget shortfalls, which will likely reduce the City General Fund contingency to near zero by the end of the 2013-14 fiscal year, the most concerning trend is the sharp drop in tax and other discretionary revenue trends. Several key revenues are on track to be about \$.5 million less than originally anticipated. The cause for the estimated \$.5 million shortfall rests entirely on the recently sharpening downturn in the state and local economies. The state, national, and global economies have fallen sharply and the general prognosis, among economists at all levels, is that we are entering into a deepening and prolonged global recession.

City tax receipts typically lag behind economic activity, ranging from 6 months for sales taxes to more than a year for property taxes. Economic activity is expected to continue to be flat in 2012. Staff is forecasting flat to very slight increases in revenues next fiscal year than the City is experiencing this fiscal year. The following fiscal year looks equally bleak or worse, due to the property tax collections lag following re-evaluations, and recent news from the California Public Employees' Retirement System (CalPERS) that the City can expect a 4% of payroll cost increase to the City's pension obligations beginning July 1, 2011, to offset CalPERS' prior asset losses in past fiscal years.

The State of California has recently revised their current budget deficit to \$13 billion. State financial forecasters are clearly responding to similar revenue decline trends and economic data that the City and other California agencies are observing. Since the City relies on State subventions for part of its budget, staff expects additional risk and potentially additional budgetary impacts this fiscal year, if and when the State comes to terms with its increasing budget deficit.

One action that the State Legislature has taken in fiscal year 2011-12 was to pass Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provide a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 28 indicates that the city may use any available funds not otherwise obligated for other uses to make this payment. The City intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

The Administrative and Finance offices were joined by fiscal staff in all City departments to conduct a thorough review of the City's financial condition, including current year budgetary status, cash situation, credit position, and its outlook for the new budget year commencing July 1, 2011. The City is not alone in facing these unprecedented challenges on three tough financial fronts. Governments and businesses, at all levels worldwide, are facing these same challenges. The review of all three fiscal arenas concludes with the following findings:

The City needs to conduct internal short-term cash borrowing to ensure sufficient cash for daily operations through June 30, 2012.

The City, and other municipalities, will have new challenges when seeking cash flow loans and selling bonds for capital and/or other obligations. Staff efforts will need to be redirected to minimize new credit costs.

The remaining \$2.6 million of General Fund contingency will be needed to offset unanticipated department expenses and under-realized department revenues. Much of these adjustments are due to the summer fire responses and recovery efforts.

The City needs to find an additional \$3.5 million in General Fund budgetary solutions by fiscal year 2013-2014, due to the sharp economic downturn's impact on tax and other discretionary revenues. Since the City is a service organization that must maintain a balanced budget, these solutions are expected to significantly impact important services, City residents, other customers, and City employees.

The City is facing a structural budget deficit by fiscal year 2012-2013 that is currently estimated to be at \$0.9 million. This estimate will be revised after the first installment of property taxes is collected in January and closure of the second quarter.

The City is fortunate to have an experienced City Council and professional staff to lead our community through these very difficult financial challenges. Collectively, the City will fully and comprehensively respond to the economic downturn, while minimizing short and long-term impacts. We will need to wrestle with the State of California over their delays in reimbursements. We will need to contemplate all ideas for solutions, leaving no rock or stone unturned.

Internal Control

The management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) choices between these two concepts often require estimates and judgments by management.

Budgeting Controls

In addition to accounting controls, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

In accordance with the provisions of the City's Municipal Code and other statutory provisions, the City prepares a budget for each fiscal year on or before June 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the City Council.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the major object level within budget units for the City. The major object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the City Manager and must be approved by the City Council. The City Council must approve supplementary appropriations normally financed by unanticipated revenues during the year.

Cash Management

Cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF) managed by the California State Treasurer's Office.

The first and primary objective of the City Treasurer's investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements, and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio is actively managed in a manner that is responsive to the public trust and consistent with State law.

Restrictive investment policies are in place to minimize credit and market risks while maintaining a competitive yield on the portfolios. The City Treasurer's selection of investments is more restrictive than those authorized in Sections 53601 and 53635 of the California Government Code and gives primary consideration to the safety and preservation of the principal amounts invested. On-going cash flow projections are maintained for the coming twelve months to assure that adequate funds are available to meet daily cash expenditure requirements.

State statutes, specific debt financing indentures and contractual arrangements generally determine the investment restrictions of City cash and investments not held in the City Treasury.

Risk Management

The City of Hollister uses a program of self-insurance for workers' compensation and general liability claims to minimize losses. The City is self-insured for workers' compensation up to \$500,000 per occurrence. The City participates in a multi-agency joint powers authority to provide excess insurance coverage for liability coverage. The joint powers authority and the City rely on estimates prepared by professional actuaries to set aside funds adequate to meet potential future losses. Excess coverage purchased through the joint powers authority covers claims in excess of \$1,000,000 for general liability claims.

Employee Benefit Plans

The City participates in and contributes to the employee retirement plans with CalPERS, an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the state. CalPERS provides retirement, disability, and death benefits based on the employees' years of service, age, and final compensation. Copies of the CalPERS' annual financial report are available through CalPERS.

RELEVANT FINANCIAL POLICIES

The City implemented a new Fund Balance policy to be in compliance with the new reporting requirements of GASB 54.

OTHER INFORMATION

Independent Audit

The City requires an annual audit by independent certified public accountants. The firm of Mann, Urrutia, and Nelson, CPAs and Associates, LLP was selected by the City to meet this requirement. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with accounting standards generally accepted in the United States of America. The independent auditor's report is presented as the first item of the financial section of the report.

Awards and Acknowledgments

Financial Reporting Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City's CAFR for the fiscal year ended June 30, 2010. This was the second year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America (USGAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of staff from the Finance Office, and the cooperation and assistance of all City departments. We also want to thank the partners and staff of our auditors for their assistance and support. I would like to commend the Mayor, City Council, the City Manager, and the Director of Administrative Services for their interest, support, and exemplary leadership in planning and conducting the financial operations of the City in a responsive and progressive manner.

Respectfully submitted,



Brett I. Miller, CPA, CPFO
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hollister
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

CITY OF HOLLISTER
CITY COUNCIL AND PRINCIPAL CITY OFFICIALS
JUNE 30, 2011

CITY COUNCIL

First District.....Raymond Friend, Mayor*
Second District.....Robert Scattini, Vice Mayor*
Third District.....Pauline Valdivia
Fourth District.....Doug Emerson
Fifth District.....Victor Gomez

*Chosen annually at the first meeting in December

APPOINTED OFFICIALS

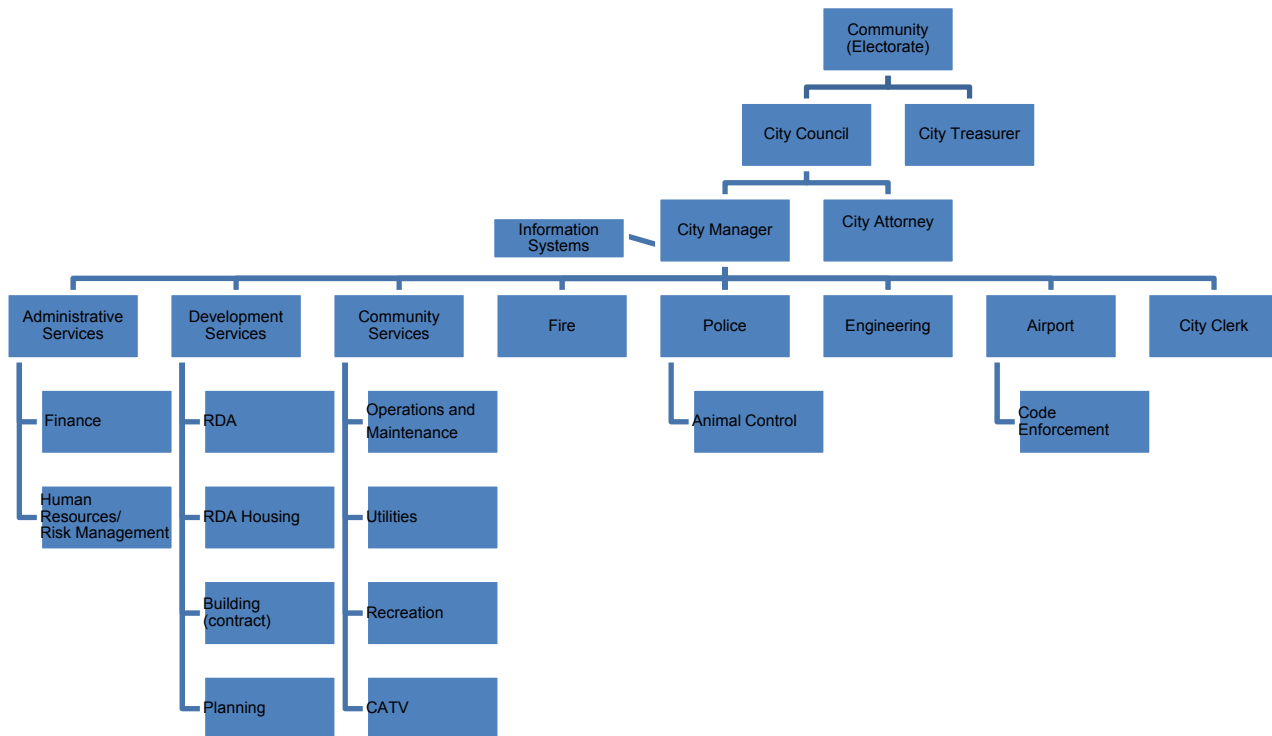
City Manager.....Clint G. Quilter
City Attorney.....Stephanie Atigh
City Clerk and City Treasurer.....Geri Johnson, MMC

EXECUTIVE STAFF

Director of Administrative Services.....Robert Galvan
Director of Community Services/Recreation.....Clay Lee
Director of Development Services/Redevelopment.....William B. Avera
Director of Airport /Code Enforcement.....Mike Chambless
City Engineer.....Rudi Golnik
Chief of Fire.....Fred Cheshire
Chief of Police/Animal Control.....Jeff Miller

CITY OF HOLLISTER, CALIFORNIA

Organizational Chart



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the City Council
of the City of Hollister
Hollister, California

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hollister (the City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hollister as of June 30, 2011, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As explained further in Note 17, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The Redevelopment Agency of the City of Hollister is a major component unit of the City. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011 on our consideration of the City of Hollister's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

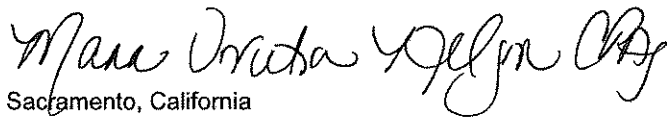
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PRINCIPALS

Chris A. Mann, CPA, CFP ♦ John R. Urrutia, CPA ♦ Michelle O. Nelson, CPA, CFE, CVA

Justin J. Williams, CPA, CVA ♦ Neil J. Beeman, CPA ♦ Kriss Ann Mann, CPA, CCPS ♦ Christine L. Collins, EA

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hollister's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink, appearing to read "Maria Victoria Delgado". The signature is fluid and cursive, with a large, stylized initial "M".

Sacramento, California
December 21, 2011

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

The information in this section is not covered by the Independent Auditor's Report. It is presented as required supplementary information for the benefit of the readers of the Comprehensive Annual Financial Report.

We offer those interested in the City of Hollister's financial statements this narrative overview and analysis of the financial activities of the City of Hollister for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and in conjunction with the City's financial statements following this section.

FINANCIAL HIGHLIGHTS

Financial highlights of the fiscal year ended June 30, 2011 include the following:

Government-wide

The City's total net assets were \$96,815,013 as of June 30, 2011. Of this total, \$48,081,721 represented governmental net assets and \$48,733,292 represented business-type activities. Of this amount, \$26,386,300 may be used to meet the government's ongoing obligations to citizens and creditors.

Current assets totaling \$64,535,329 included \$42,498,647 in cash and investments, \$18,892,669 in accounts, interest, and notes receivable, \$3,106,201 in deferred charges, and \$37,812 in other assets. Restricted assets included restricted cash and investments of \$17,455,442 and land held for resale of \$4,893,154. Non-current assets included \$170,005,083 in capital assets, net of accumulated depreciation. Current liabilities totaling \$3,177,605 included \$1,958,375 in accounts payable and accrued liabilities and \$1,219,230 in deposits. Non-current liabilities included \$299,624 in net OPEB obligation and long-term liabilities totaling \$4,203,152 due in one year and \$152,393,614 due in more than one year.

Government-wide revenues totaling \$45,577,961 included \$24,389,233 in program revenues, \$18,771,474 in taxes, \$321,323 in investment earnings, and \$2,095,931 in other revenues.

Government-wide expenses totaling \$45,877,589 included \$8,702,170 in general government expenses, \$11,129,565 in public safety expenses, \$3,041,659 in public works expenses, \$1,503,455 in recreation expenses, \$2,409,814 in interest and fiscal charges, and \$19,090,926 in business-type expenses.

Fund level

The City's General Fund balance increased \$435,966 from the prior fiscal year due to tax revenues being \$184,926 above expectations and expenditures coming in below budget by the amount of \$414,904 less than budgeted.

The City's RDA - Housing fund decreased \$3,064,815 from the prior fiscal year due to payments to recipients for low and moderate income housing grants and assistance.

The City's RDA - Capital Projects fund decreased \$1,891,020 from the prior fiscal year due to the redevelopment agency continuing to make redevelopment assistance and the continuing expenditures of bond proceeds in the amount of \$1,451,344 for the remodel of the City's fire station #1 and other West Gateway improvements.

The City's RDA - Debt Service fund decreased \$439,597 from the prior fiscal year due to the redevelopment agency making bond payments in accordance with bond requirements in the amount of \$3,398,845. Also, the redevelopment agency transferred out excess property tax receipts in accordance with bond covenants in the amount of \$1,548,080.

The City's other governmental fund balances increased \$360,571 from the prior fiscal year primarily due to impact fee receipts being received and the related projects not started.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS

A. GASB 34 Financial Report Model

The City of Hollister has adopted a financial reporting model that is designed to demonstrate government accountability by presenting both a long-term and a near-term view of its finances. This model is prescribed by Statement Number 34 of the Government Accounting Standard Board (GASB 34). This model is comprised of three parts: 1) Management's Discussion and Analysis which provides the financial highlights; 2) The City's basic financial statements, which consist of the Government-Wide financial statements; the Fund financial statements, and the Notes to the financial statements; and 3) Required Supplementary Information.

B. Government-Wide Financial Statements

The government-wide financial statements provide an overview of the City's finances, in a manner similar to a private-sector business that is, using the accrual basis of accounting. They demonstrate accountability of the City of Hollister by showing the extent to which it has met operating objectives efficiently and effectively, using all resources available, and whether it can continue to do so.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on expenses and revenues to show how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported as soon as earned and expenses are reported as soon as incurred even though the related cash flows may not take place until future fiscal periods (e.g., earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public protection, public works, and recreation. The business-type activities of the City include the Airport, Water, Wastewater, Street Sweeping, and Briggs Building funds.

Certain component units such as the Redevelopment Agency are essentially part of City operations and their financial data are blended in with operational funds of the City.

C. Fund Financial Statements

The fund financial statements provide evidence of accountability by demonstrating compliance with budgetary decisions made in a public forum. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes stipulated by laws, regulations or policies. The funds of the City are divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City maintains 38 individual governmental funds. On the financial statements for governmental funds, information is presented separately for five major funds: the General Fund, the RDA - Housing Fund, the RDA - Capital Projects Fund, and the RDA - Debt Service Fund. Data from the other governmental funds are aggregated into a single column.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

Proprietary funds are of two types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Airport, Water, Wastewater, Street Sweeping, and Briggs Building operations. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City does not use internal service funds.

Proprietary funds statements provide the same type of information as the part of government-wide financial statements pertaining to business-type activities, only in more detail.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the financial information provided in the government-wide and fund financial statements.

D. Required Supplementary Information

In addition to the basic financial statements, this report presents Required Supplementary Information. The required supplementary information presents the City's progress in funding its obligation to provide pension benefits to its employees as well as the City's General Fund and major special revenue fund's budgetary comparison schedules.

E. Combining Statements and Schedules

The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds and fiduciary funds, and are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This analysis focuses on net assets and the changes in net assets of the City as a whole:

TABLE 1
GOVERNMENT-WIDE NET ASSETS JUNE 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and other assets	\$ 58,757,511	\$ 63,627,668	\$ 28,126,414	\$ 36,687,993	\$ 86,883,925	\$ 100,315,661
Capital assets	<u>36,461,183</u>	<u>34,477,787</u>	<u>133,543,900</u>	<u>136,278,264</u>	<u>170,005,083</u>	<u>170,756,051</u>
Total Assets	<u>95,218,694</u>	<u>98,105,455</u>	<u>161,670,314</u>	<u>172,966,257</u>	<u>256,889,008</u>	<u>271,071,712</u>
LIABILITIES						
Current and other liabilities	1,382,022	1,199,964	1,795,583	545,469	3,177,605	1,745,433
Long-term liabilities	<u>45,754,951</u>	<u>46,824,375</u>	<u>111,141,439</u>	<u>123,789,118</u>	<u>156,896,390</u>	<u>170,613,493</u>
Total Liabilities	<u>47,136,973</u>	<u>48,024,339</u>	<u>112,937,022</u>	<u>124,334,587</u>	<u>160,073,995</u>	<u>172,358,926</u>
NET ASSETS						
Invested in capital assets, net of related debt	1,533,436	(403,587)	33,289,098	34,874,146	34,822,534	34,470,559
Restricted for debt service	9,515,564	10,990,580	-	-	9,515,564	10,990,580
Restricted for special revenue programs	16,756,585	16,396,254	-	-	16,756,585	16,396,254
Restricted for housing	8,003,280	11,068,095	-	-	8,003,280	11,068,095
Redevelopment activities	1,330,750	2,269,023	-	-	1,330,750	2,269,023
Unrestricted	<u>10,942,106</u>	<u>9,760,751</u>	<u>15,444,194</u>	<u>13,757,524</u>	<u>26,386,300</u>	<u>23,518,275</u>
Total Net Assets	<u>\$ 48,081,721</u>	<u>\$ 50,081,116</u>	<u>\$ 48,733,292</u>	<u>\$ 48,631,670</u>	<u>\$ 96,815,013</u>	<u>\$ 98,712,786</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

The City's total government-wide net assets amounted to \$96,815,013 as of June 30, 2011. This represented a decrease of \$1,897,773 over fiscal year 2010. The decrease in the change in net assets is reflected in the Statement of Activities shown in Table 2 for governmental funds and Table 3 for business-type activities. Further, see Note 16 for detailed information on the prior period adjustments made in the current year.

Investment in capital assets net of related debt reflects the City's investment in capital assets (i.e. its land, structures and improvements, infrastructure, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used.

Unrestricted net assets represent 27.3% of the total net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

In addition to the amount invested in capital assets, there are externally imposed debt service reserve and statutory constraints on the use of 100% of the restricted net assets.

The City's net assets as of June 30, 2011 consisted of the following:

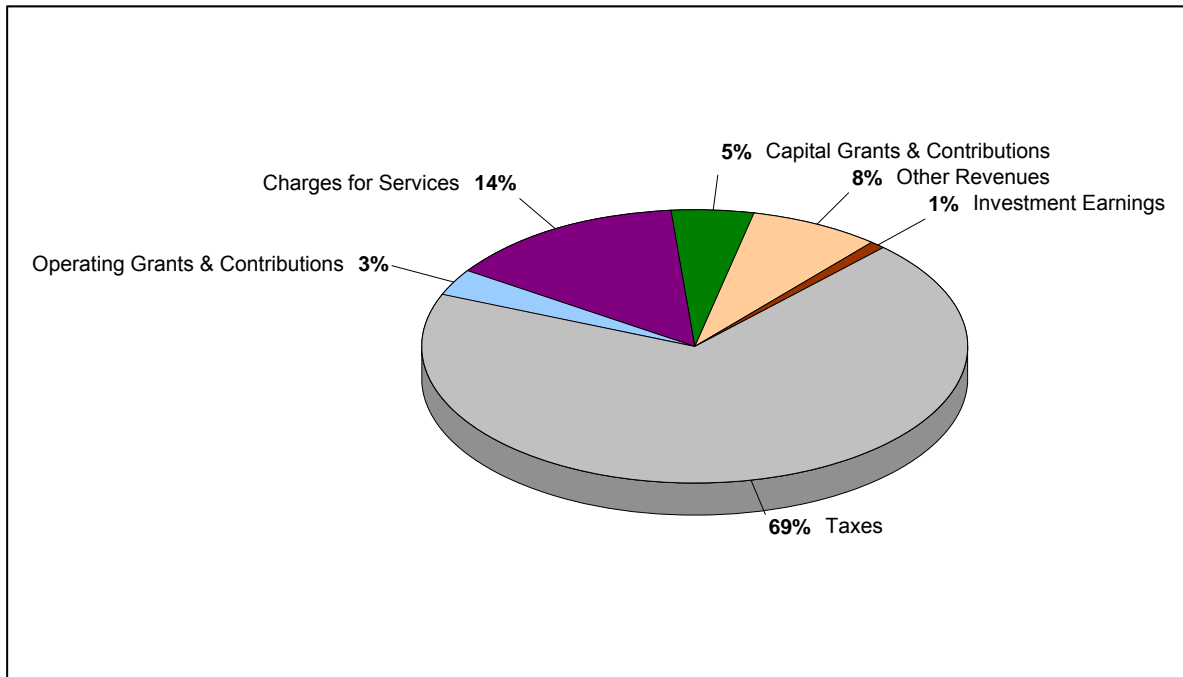
TABLE 2
GOVERNMENTAL ACTIVITIES CHANGES IN NET ASSETS AS OF JUNE 30,

	2011	2010
REVENUES		
Charges for services	\$ 3,875,763	\$ 3,755,014
Operating grants and contributions	848,526	1,116,473
Capital grants and contributions	1,339,706	192,620
Taxes	18,771,474	18,654,108
Investment earnings	249,561	348,449
Other	<u>2,095,931</u>	<u>1,605,007</u>
Total Revenue	<u>27,180,961</u>	<u>25,671,671</u>
EXPENSES		
General government	8,702,170	11,496,478
Public safety	11,129,565	11,725,625
Public works	3,041,659	3,368,100
Recreation	1,503,455	1,576,338
Interest and fiscal charges	<u>2,409,814</u>	<u>2,296,969</u>
Total Expenses	<u>26,786,663</u>	<u>30,463,510</u>
Increase (decrease) in net assets before transfers	394,298	(4,791,839)
Transfers	<u>16,202</u>	<u>(353,631)</u>
Change in net assets	<u>410,500</u>	<u>(5,145,470)</u>
Net assets - beginning	50,081,116	54,901,772
Prior period restatement (Note 16)	<u>(2,409,895)</u>	<u>324,814</u>
Net assets - beginning, restated	47,671,221	55,226,586
Net assets - ending	<u>\$ 48,081,721</u>	<u>\$ 50,081,116</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

Sources of Revenues

Governmental Activities



As reflected above, sixty-nine percent (69%) or \$18,771,474 of the City's governmental activities revenues as of June 30, 2011 were comprised of tax increments. Program revenues were twenty-two percent (22%) of governmental activities. Of this amount, three percent (3%) or \$848,526 were derived from operating grants and contributions, five percent (5%) was derived from capital grants and contributions, and fourteen percent (14%) or \$3,875,763 were derived from charges for services. The remaining sources of revenues included one percent (1%) or \$249,561 of investment earnings, and eight percent (8%) or \$2,095,931 of other revenues.

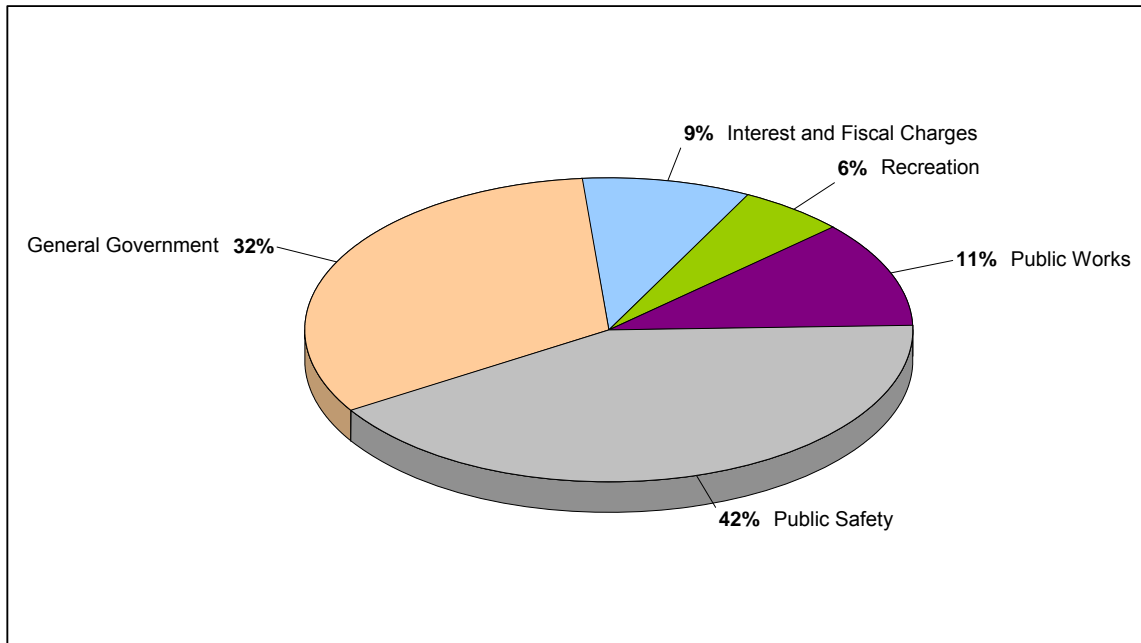
Taxes

The City's overall sales tax has increased mainly due to the City's additional 1% transaction tax. The City experienced a \$0.7 million increase in sales taxes compared to the prior fiscal year. For this reason, the 0.63% increase (\$18,771,474 in FY '10-11 vs. \$18,654,108 in prior year FY '09-10) illustrates this point.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

Functional Expenses

Governmental Activities



As identified in the functional expenses chart, forty-two percent (42%) or \$11,129,565 of the City's expenses were for public safety. Thirty-two (32%) or \$8,702,170 were for general government expenses. The remaining functional expenses included eleven (11%) or \$3,041,659 for public works, six percent (6%) or \$1,503,455 in recreation, and nine percent (9%) or \$2,409,814 in interest and fiscal charges. The City's total governmental expenses decreased \$3,676,847 from the prior fiscal year.

The change in expenses from prior year is attributable to various factors:

General Government Expenses

General government expenses decreased \$2,794,308 or 24.9%. The main decrease was due to expenses associated with the City's Redevelopment Agency's requirement to pay \$4,462,862 to the Supplemental Education Revenue Augmentation Fund (SERAF) as part of the State of California's budget package which required redevelopment agencies to remit approximately \$2.05 billion in redevelopment revenues back to the State in Fiscal Year 09-10.

Public Works Expenses

Public works expenses decreased 9.7% or \$326,441 from the prior year. This was attributable to the City decreasing spending on design and construction of the street overlay projects.

Public Safety Expenses

In addition, public safety expenses decreased 5.0% or \$596,060. The main decrease was related to expenses associated with budget cuts due to declining revenues.

Recreation Expenses

Recreation expenses decreased 4.6% or \$72,883 due to budget cuts associated with declining revenues.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

TABLE 3
BUSINESS-TYPE ACTIVITIES CHANGES IN NET ASSETS AS OF JUNE 30,

	<u>2011</u>	<u>2010</u>
<u>REVENUES</u>		
Charges for services	\$ 18,269,438	\$ 17,986,551
Investment earnings	71,762	88,433
Capital grants and contributions	<u>55,800</u>	<u>-</u>
Total Revenue	<u>18,397,000</u>	<u>18,074,984</u>
<u>EXPENSES</u>		
Airport	930,971	852,930
Water	3,702,692	3,776,513
Sewer	13,792,619	8,716,397
Street sweeping	446,664	409,517
Briggs Building	<u>217,980</u>	<u>228,233</u>
Total Expenses	<u>19,090,926</u>	<u>13,983,590</u>
(Decrease) increase in net assets before transfers	(693,926)	4,091,394
Transfers	<u>(16,202)</u>	<u>353,631</u>
Change in net assets	<u>(710,128)</u>	<u>4,445,025</u>
Net assets - beginning	48,631,670	44,186,645
Prior period restatement (Note 16)	<u>811,750</u>	<u>-</u>
Net assets - beginning, restated	49,443,420	39,841,095
Net assets - ending	<u>\$ 48,733,292</u>	<u>\$ 48,631,670</u>

In the fiscal year ended June 30, 2011, business-type activities decreased the City's net assets by \$710,128.

Charges for Services

Charges for services increased \$282,887 or 1.6% over the prior fiscal year. This was the result of more wastewater and street sweeping accountings being added to the City's monthly billing register.

Investment Earnings

Investment earnings decreased \$16,671 or 18.9% due to the decline in investment returns.

Expenses

Expenses under the City's water and wastewater enterprise funds were directly attributable to the normal operation costs associated with the operation of both systems. The additional costs incurred under the wastewater fund corresponded to the ongoing implementation costs for the City's wastewater treatment plant.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

FINANCIAL ANALYSIS OF FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements.

Governmental funds - The general government functions are included in the General, Special Revenue, Capital Project, and Debt Service Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At June 30, 2011, the City's governmental funds reported combined ending fund balances of \$43,015,240. Approximately 5.8% of this total amount (\$2,478,095) constitutes the unassigned fund balance, which may be used to meet the City's ongoing general obligations to citizens and creditors. The remainder of the fund balance is nonspendable or restricted to indicate that it is not available for general obligations because it has been committed in the form of land held for resale, inventories, debt service reserves, or the funds have statutory restrictions.

The General Fund is the main operating fund of the City. At June 30, 2011, the unassigned fund balance of the general fund was \$2,565,494 while the total fund balance amounted to \$2,603,306. As measures of the general fund's liquidity, it is useful to note that the unreserved fund balance represents 18.6% percent of total fund expenditures, while the total fund balance represents 18.8% percent of that same amount. The general fund's fund balance increased by \$435,966 during the current fiscal year. The City's increase of \$435,966 from the prior fiscal year was due to current revenues exceeding expectations for sales taxes.

The RDA - Housing fund has a total fund balance of \$8,003,280 which is restricted. The overall fund balance decreased by \$3,064,815 due to payments for low and moderate housing projects in the fiscal year.

The RDA - Capital Projects fund had a total fund balance of \$12,159,816. Of this amount, \$4,893,154 was nonspendable, and the balance of \$7,266,662 was restricted. The City's RDA - Capital Projects fund decreased \$1,891,020 from the prior fiscal year due to the redevelopment agency's bond proceeds being expended on the construction of Fire Station #1 and the West Gateway project in the current fiscal year.

The RDA - Debt Service fund had a total fund balance of \$3,579,652 which was restricted. The City's RDA - Debt Service fund decreased \$439,597 from the prior fiscal year due to the redevelopment agency's normal bond payment requirements associated with the redevelopment agency's bonds.

The following table presents revenues from various sources as well as reflecting increases or decreases from the prior fiscal year in the governmental funds.

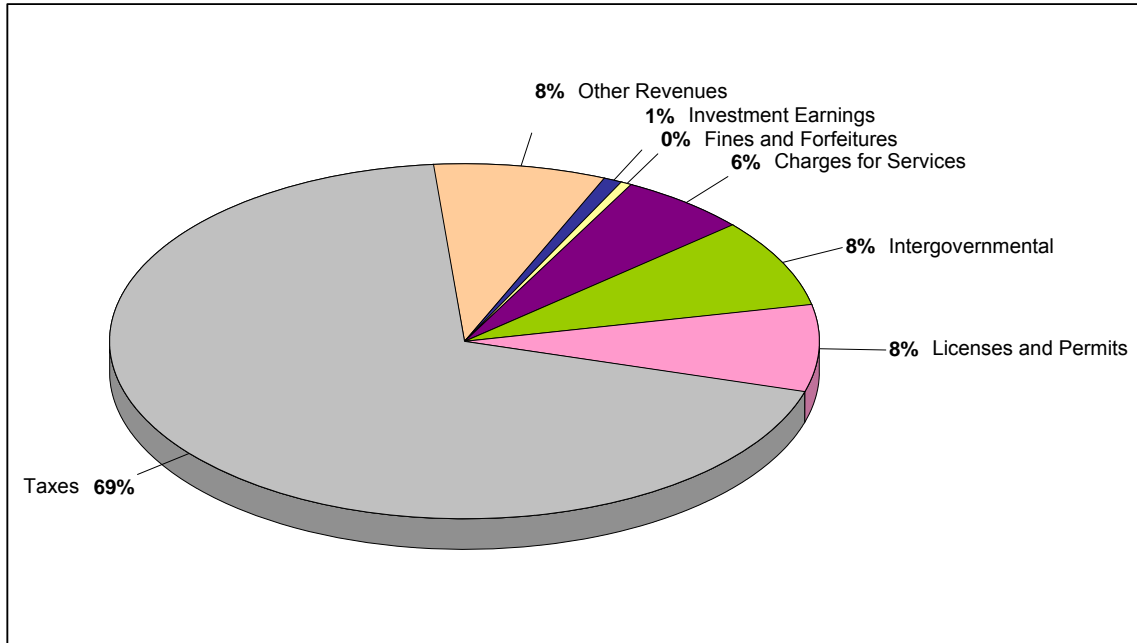
TABLE 4
REVENUES IN THE GOVERNMENTAL FUNDS (in thousands)

Revenue Sources	FY 2011		FY 2010		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 18,771	69.0 %	\$ 18,654	72.5 %	\$ 117	0.6 %
Licenses and permits	2,156	7.9 %	2,136	8.3 %	20	0.9 %
Intergovernmental	2,188	8.0 %	1,309	5.1 %	879	67.2 %
Charges for services	1,588	5.8 %	1,434	5.6 %	154	10.7 %
Fines and forfeitures	132	0.5 %	185	0.7 %	(53)	(28.6)%
Investment earnings	232	0.9 %	348	1.4 %	(116)	(33.3)%
Others	2,142	7.9 %	1,669	6.5 %	473	28.3 %
Total	<u>\$ 27,209</u>	<u>100 %</u>	<u>\$ 25,735</u>	<u>100 %</u>	<u>\$ 1,474</u>	<u>5.7 %</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

Governmental Fund Revenues

For the Year Ended June 30, 2011



Significant changes for major revenue sources are explained below:

- Taxes – Tax revenues include sales taxes and property taxes. The increase in tax revenues was due primarily to the increase in the City's 1% transaction sales tax.
- Licenses and permits – Increased revenues from construction permits and planning application fees account for most of the increase noted in this revenue category.
- Intergovernmental – The increase in this source was due to an increase in ARRA funding.
- Fines and forfeitures – The decrease in fines and forfeitures was primarily due to a vacancy in the parking enforcement position in the current fiscal year.
- Investment earnings – The decrease in investment earnings reflects the decrease in earnings of the City's investments.
- Other revenues – Other revenues increased primarily due to a one time reimbursement in the current year.

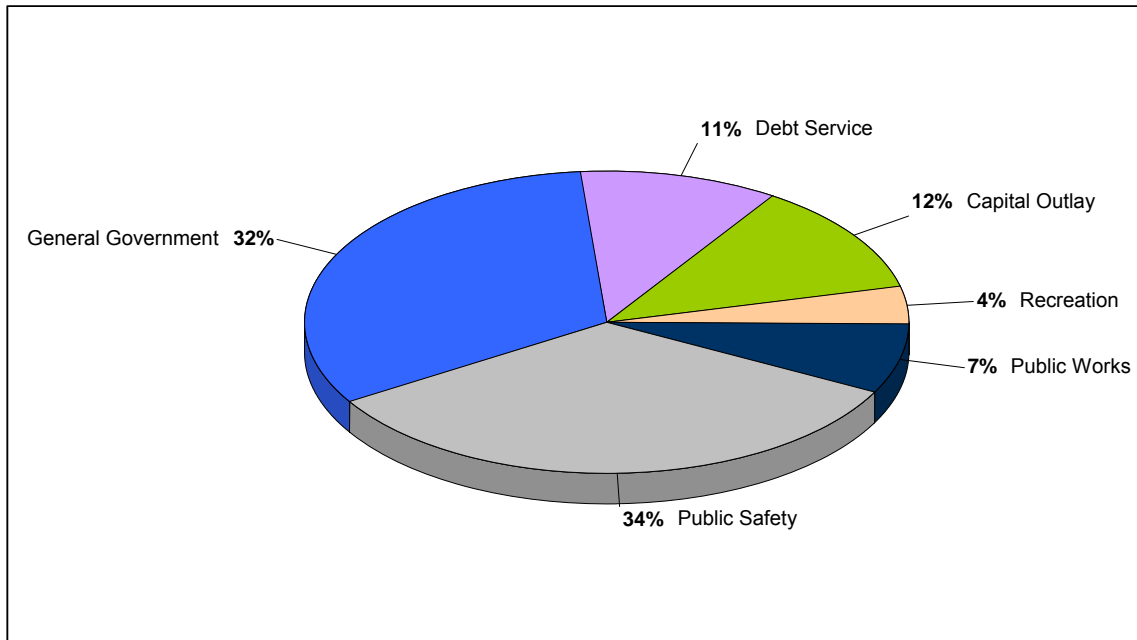
CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

The following table presents expenditures by function compared to prior fiscal year's amounts in the governmental funds.

TABLE 5
EXPENDITURES IN THE GOVERNMENTAL FUNDS (in thousands)

Function	FY 2011		FY 2010		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 10,313	32.4 %	\$ 13,423	39.7 %	\$ (3,110)	(23.2)%
Public safety	10,666	33.5 %	11,259	33.3 %	(593)	(5.3)%
Public works	2,374	7.5 %	2,564	7.6 %	(190)	(7.4)%
Recreation	1,282	4.0 %	1,323	3.9 %	(41)	(3.1)%
Capital outlay	3,790	11.9 %	1,682	5.0 %	2,108	125.3 %
Debt service	<u>3,399</u>	<u>10.7 %</u>	<u>3,522</u>	<u>10.4 %</u>	<u>(123)</u>	<u>(3.5)%</u>
Total	<u>\$ 31,824</u>	<u>100 %</u>	<u>\$ 33,773</u>	<u>100 %</u>	<u>\$ (1,949)</u>	<u>(5.8)%</u>

Governmental Fund Expenditures
For the Year Ended June 30, 2011



Significant changes for major functions are explained below:

- General government – The decrease in this function was due to the decrease associated with the City's redevelopment agency's requirement to pay \$4,462,862 to the Supplemental Education Revenue Augmentation Fund (SERAF) as part of the State of California's budget package which required redevelopment agencies to remit approximately \$2.05 billion in redevelopment revenues back to the State.
- Public safety – The decrease in this function was due to public safety budget cuts due to declining revenues.
- Public works – The decrease in this function was due to public works budget cuts due to declining revenues.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

- Recreation – The decrease in this function was due to budget cuts due to the declining revenues.
- Capital outlay – The increase in this function was due to the continued construction for the Hollister Fire Station #1.

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The funds include the enterprise funds: Airport, Water, Wastewater, Street Sweeping, and Briggs Building operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for revenues were an increase of \$423,414. This increase was due to the City anticipating less in sales tax than was originally anticipated.

During the fiscal year, actual revenues were less than budgetary estimates by \$64,166. The main reason for the decrease was that intergovernmental revenue from the State of California was less than the estimated amount due to State deferrals. Plus, revenues from other less than anticipated by \$112,629 which was due to decreases in estimated reimbursements. Actual expenditures were less than budgetary estimates by \$414,904. The net effect of under-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$66,545.

CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to \$170,005,083 (net of accumulated depreciation). This investment in capital assets included land, structures and improvements, equipment, construction-in-progress, and infrastructure. The total decrease in the City's net investment in capital assets for the current period was 0.4%. The increase resulted from improvement assets acquired exceeding improvement depreciation by \$(751,000).

Additional information on the City's capital assets can be found in the Notes to the Financial Statements section of this report on page 46, note 6 – Capital Assets.

Key events affecting capital assets during the fiscal year included the following:

- Construction in progress capital assets being transferred to structures and improvements and equipment.
- For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

TABLE 6
CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 425	\$ 425	\$ 5,244	\$ 5,244	\$ 5,669	\$ 5,669
Air rights	-	-	1,385	1,385	1,385	1,385
Construction in Progress	2,021	569	-	20	2,021	589
Buildings	16,984	17,751	8,137	8,331	25,121	26,082
Equipment	2,518	2,449	1,247	823	3,765	3,272
Improvements	885	784	117,531	120,476	118,416	121,260
Infrastructure	<u>13,628</u>	<u>12,499</u>	<u>-</u>	<u>-</u>	<u>13,628</u>	<u>12,499</u>
Total	<u>\$ 36,461</u>	<u>\$ 34,477</u>	<u>\$ 133,544</u>	<u>\$ 136,279</u>	<u>\$ 170,005</u>	<u>\$ 170,756</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

B. Long-Term Obligations

At June 30, 2011, the City had total long-term obligations outstanding of \$156,596,766 consisting of \$148,455,000 in bonds, and loan obligations of \$578,826. Additional long-term liabilities include bond issuance premium of \$6,710,366 and compensated absences payable of \$852,574.

Additional information on the City's long-term liabilities can be found in the Notes to the Financial Statements section of this report on page 48, note 7 – Long-Term Liabilities.

ECONOMIC CONDITION, OUTLOOK, AND ACTIVITY

The City adopted its fiscal year 2011-2012 Final Budget in the total amount of \$49,833,448, with the General Fund increasing reserves by \$16,525. The City will continue to face difficult fiscal challenges in the foreseeable future. For the General Fund, the City's 1% additional transaction and use tax sunsets March 31, 2013. Also, the most critical fiscal uncertainty facing the City continues to be the impact on local government resulting from actions the State of California may take in addressing its own fiscal problems, increasing foreclosures due to the declining economy will also impact the ability of the City to maintain current service levels as it has caused a decline in property taxes.

The City has experienced slow growth and has experienced a less favorable economic environment as a result of the long standing imposition of the building moratorium as mandated by the State Water Quality Control Board. In addition, the economic outlook and budget deficit that continues to plague the State of California has also weighed unfavorable on the City's ability to expand in a manner consistent with the ability to sustain the necessary level of services required for the entire community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

These basic financial statements have been prepared in order to provide the citizens, taxpayers, investors, and creditors with financial report which is designed to demonstrate accountability of the City of Hollister government by providing both long-term and near-term views of the City's finances for the year ended June 30, 2011. Any questions pertaining to this report shall be directed to the City's Director of Administrative Services at 375 Fifth Street, Hollister, CA 95023.

CITY OF HOLLISTER
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 27,977,996	\$ 14,520,651	\$ 42,498,647
Accounts receivable, net	1,689,987	3,157,984	4,847,971
Interest receivable	26,631	14,632	41,263
Notes receivable, net of allowance (Note 3)	14,003,435	-	14,003,435
Internal balances	257,748	(257,748)	-
Prepaid items	37,812	-	37,812
Deferred charges, net (Note 7)	356,814	2,749,387	3,106,201
Restricted cash and investments (Note 2)	9,513,934	7,941,508	17,455,442
Land held for resale (Note 4)	4,893,154	-	4,893,154
Capital assets, net			
Non-depreciable (Note 6)	2,445,769	6,628,184	9,073,953
Depreciable, net of accumulated depreciation (Note 6)	<u>34,015,414</u>	<u>126,915,716</u>	<u>160,931,130</u>
Total Assets	<u>\$ 95,218,694</u>	<u>\$ 161,670,314</u>	<u>\$ 256,889,008</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 976,337	\$ 580,772	\$ 1,557,109
Accrued liabilities	321,589	79,677	401,266
Deposits	84,096	1,135,134	1,219,230
Long-term liabilities (Note 7)			
Due within one year	1,667,022	2,536,130	4,203,152
Due in more than one year	43,788,305	108,605,309	152,393,614
Other postemployment benefits (Note 11)			
Due in more than one year	<u>299,624</u>	<u>-</u>	<u>299,624</u>
Total Liabilities	<u>47,136,973</u>	<u>112,937,022</u>	<u>160,073,995</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,533,436	33,289,098	34,822,534
Restricted for:			
Debt service	9,515,564	-	9,515,564
Special revenue programs	16,756,585	-	16,756,585
Housing projects	8,003,280	-	8,003,280
Redevelopment activities	1,330,750	-	1,330,750
Unrestricted	<u>10,942,106</u>	<u>15,444,194</u>	<u>26,386,300</u>
Total Net Assets	<u>\$ 48,081,721</u>	<u>\$ 48,733,292</u>	<u>\$ 96,815,013</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 8,702,170	\$ 1,196,087	\$ 478,306	\$ -	\$ (7,027,777)	\$ -	\$ (7,027,777)
Public safety	11,129,565	373,329	370,220	113,614	(10,272,402)	-	(10,272,402)
Public works	3,041,659	1,655,111	-	1,226,092	(160,456)	-	(160,456)
Recreation	1,503,455	651,236	-	-	(852,219)	-	(852,219)
Interest and fiscal charges	2,409,814	-	-	-	(2,409,814)	-	(2,409,814)
Total governmental activities	<u>26,786,663</u>	<u>3,875,763</u>	<u>848,526</u>	<u>1,339,706</u>	<u>(20,722,668)</u>	<u>-</u>	<u>(20,722,668)</u>
Business-type activities:							
Airport	930,971	662,898	-	-	-	(268,073)	(268,073)
Water	3,702,692	3,684,750	-	55,800	-	37,858	37,858
Sewer	13,792,619	13,469,247	-	-	-	(323,372)	(323,372)
Street sweeping	446,664	319,943	-	-	-	(126,721)	(126,721)
Briggs building	217,980	132,600	-	-	-	(85,380)	(85,380)
Total business-type activities	<u>19,090,926</u>	<u>18,269,438</u>	<u>-</u>	<u>55,800</u>	<u>-</u>	<u>(765,688)</u>	<u>(765,688)</u>
Total primary government	<u>\$ 45,877,589</u>	<u>\$ 22,145,201</u>	<u>\$ 848,526</u>	<u>\$ 1,395,506</u>	<u>\$ (20,722,668)</u>	<u>\$ (765,688)</u>	<u>\$ (21,488,356)</u>
General revenues:							
Property taxes					\$ 11,752,166	\$ -	\$ 11,752,166
Sales and use taxes					5,889,360	-	5,889,360
Gas taxes					914,866	-	914,866
Other taxes					104,518	-	104,518
Motor vehicle in lieu					110,564	-	110,564
Investment earnings					249,561	71,762	321,323
Miscellaneous					2,095,931	-	2,095,931
Transfers					<u>16,202</u>	<u>(16,202)</u>	<u>-</u>
Total general revenues and transfers					<u>21,133,168</u>	<u>55,560</u>	<u>21,188,728</u>
Change in net assets					410,500	(710,128)	(299,628)
Net assets - July 1, 2010					50,081,116	48,631,670	98,712,786
Prior period restatement (Note 16)					<u>(2,409,895)</u>	<u>811,750</u>	<u>(1,598,145)</u>
Net assets - July 1, 2010, restated					<u>\$ 47,671,221</u>	<u>\$ 49,443,420</u>	<u>\$ 97,114,641</u>
Net assets - June 30, 2011					<u>\$ 48,081,721</u>	<u>\$ 48,733,292</u>	<u>\$ 96,815,013</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>RDA - Housing</u>	<u>RDA- Capital Projects</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,277,663	\$ 8,176,138	\$ 2,075,756
Restricted cash and investments	-	-	5,935,912
Accounts receivable	1,429,167	1,576	7,528
Interest receivable	1,515	7,326	1,294
Notes receivable	20,801	14,949,544	2,295,890
Due from other funds	574,623	-	180,398
Prepaid items	37,812	-	-
Land held for resale	<u>-</u>	<u>-</u>	<u>4,893,154</u>
Total Assets	<u>\$ 3,341,581</u>	<u>\$ 23,134,584</u>	<u>\$ 15,389,932</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 177,015	\$ 27,282	\$ 719,488
Accrued liabilities	248,659	5,675	17,835
Deposits payable	52,062	-	31,000
Deferred revenue	20,801	14,949,544	2,295,890
Due to other funds	<u>239,738</u>	<u>148,803</u>	<u>165,903</u>
Total Liabilities	<u>738,275</u>	<u>15,131,304</u>	<u>3,230,116</u>
FUND BALANCES:			
Nonspendable	37,812	-	4,893,154
Restricted	-	8,003,280	7,266,662
Unassigned	<u>2,565,494</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,603,306</u>	<u>8,003,280</u>	<u>12,159,816</u>
Total Liabilities and Fund Balances	<u>\$ 3,341,581</u>	<u>\$ 23,134,584</u>	<u>\$ 15,389,932</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>RDA - Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 2	\$ 16,448,437	\$ 27,977,996
Restricted cash and investments	3,578,022	-	9,513,934
Accounts receivable	-	251,716	1,689,987
Interest receivable	1,628	14,868	26,631
Notes receivable	-	1,668,427	18,934,662
Due from other funds	-	210,973	965,994
Prepaid items	-	-	37,812
Land held for resale	-	-	4,893,154
	<u>-</u>	<u>-</u>	<u>4,893,154</u>
Total Assets	<u>\$ 3,579,652</u>	<u>\$ 18,594,421</u>	<u>\$ 64,040,170</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ -	\$ 52,552	\$ 976,337
Accrued liabilities	-	49,420	321,589
Deposits payable	-	1,034	84,096
Deferred revenue	-	1,668,427	18,934,662
Due to other funds	-	153,802	708,246
	<u>-</u>	<u>153,802</u>	<u>708,246</u>
Total Liabilities	<u>-</u>	<u>1,925,235</u>	<u>21,024,930</u>
FUND BALANCES:			
Nonspendable	-	-	4,930,966
Restricted	3,579,652	16,756,585	35,606,179
Unassigned	-	(87,399)	2,478,095
	<u>-</u>	<u>(87,399)</u>	<u>2,478,095</u>
Total Fund Balances	<u>3,579,652</u>	<u>16,669,186</u>	<u>43,015,240</u>
Total Liabilities and Fund Balances	<u>\$ 3,579,652</u>	<u>\$ 18,594,421</u>	<u>\$ 64,040,170</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2011

Fund balances - total governmental funds	\$ 43,015,240
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	55,552,470
Less: accumulated depreciation	(19,091,287)
Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.	14,003,435
Prepaid bond issuance costs are not capitalized and are therefore not reported in the Governmental Funds	356,814
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental funds.	
Bonds payable	(44,430,000)
Deferred premium	(368,495)
Net OPEB obligation	(299,624)
Compensated absences	<u>(656,832)</u>
Net assets of governmental activities	<u>\$ 48,081,721</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>RDA - Housing</u>	<u>RDA - Capital Projects</u>
<u>REVENUES</u>			
Taxes	\$ 9,865,186	\$ 1,911,090	\$ 865,192
Licenses and permits	1,074,141	-	-
Intergovernmental	478,306	-	-
Charges for services	937,367	-	-
Fines and forfeitures	132,095	-	-
Investment earnings	4,930	34,898	13,520
Other	<u>1,469,774</u>	<u>629,858</u>	<u>242</u>
Total Revenues	<u>13,961,799</u>	<u>2,575,846</u>	<u>878,954</u>
<u>EXPENDITURES</u>			
Current:			
General government	1,935,325	5,590,661	2,684,575
Public safety	9,503,196	-	-
Public works	1,078,296	-	36,059
Recreation	1,152,470	-	96,076
Capital outlay	149,356	-	1,451,344
Debt service:			
Principal	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>13,818,643</u>	<u>5,590,661</u>	<u>4,268,054</u>
Excess (deficiency) of revenues over expenditures	<u>143,156</u>	<u>(3,014,815)</u>	<u>(3,389,100)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	313,175	-	1,548,080
Transfers out	<u>(20,365)</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total Other Financing Sources (Uses)	<u>292,810</u>	<u>(50,000)</u>	<u>1,498,080</u>
Net change in fund balances	<u>435,966</u>	<u>(3,064,815)</u>	<u>(1,891,020)</u>
Fund balances - July 1, 2010	2,158,860	11,068,095	14,050,836
Prior period adjustment (Note 16)	<u>8,480</u>	<u>-</u>	<u>-</u>
Fund balances - July 1, 2010 (restated)	<u>2,167,340</u>	<u>11,068,095</u>	<u>14,050,836</u>
Fund balances - June 30, 2011	<u>\$ 2,603,306</u>	<u>\$ 8,003,280</u>	<u>\$ 12,159,816</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>RDA - Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 4,405,272	\$ 1,724,734	\$ 18,771,474
Licenses and permits	-	1,081,851	2,155,992
Intergovernmental	-	1,709,926	2,188,232
Charges for services	-	650,309	1,587,676
Fines and forfeitures	-	-	132,095
Investment earnings	102,056	76,657	232,061
Other	<u>-</u>	<u>42,425</u>	<u>2,142,299</u>
Total Revenues	<u>4,507,328</u>	<u>5,285,902</u>	<u>27,209,829</u>
<u>EXPENDITURES</u>			
Current:			
General government	-	102,615	10,313,176
Public safety	-	1,162,844	10,666,040
Public works	-	1,260,055	2,374,410
Recreation	-	33,532	1,282,078
Capital outlay	-	2,189,677	3,790,377
Debt service:			
Principal	990,000	-	990,000
Interest	<u>2,408,845</u>	<u>-</u>	<u>2,408,845</u>
Total Expenditures	<u>3,398,845</u>	<u>4,748,723</u>	<u>31,824,926</u>
Excess (deficiency) of revenues over expenditures	<u>1,108,483</u>	<u>537,179</u>	<u>(4,615,097)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	107,058	1,968,313
Transfers out	<u>(1,548,080)</u>	<u>(283,666)</u>	<u>(1,952,111)</u>
Total Other Financing Sources (Uses)	<u>(1,548,080)</u>	<u>(176,608)</u>	<u>16,202</u>
Net change in fund balances	<u>(439,597)</u>	<u>360,571</u>	<u>(4,598,895)</u>
Fund balances - July 1, 2010	4,019,249	16,308,615	47,605,655
Prior period adjustment (Note 16)	<u>-</u>	<u>-</u>	<u>8,480</u>
Fund balances - July 1, 2010 (restated)	<u>4,019,249</u>	<u>16,308,615</u>	<u>47,614,135</u>
Fund balances - June 30, 2011	<u>\$ 3,579,652</u>	<u>\$ 16,669,186</u>	<u>\$ 43,015,240</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

The schedule below reconciles the net changes in fund balances reported on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the changes in net assets of governmental activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances - total governmental funds	\$ (4,598,895)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	3,724,637
Depreciation expense not reported in governmental funds	(1,741,241)

Debt proceeds provide current financial resources to governmental funds; however issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term liabilities are reported as expenditures in the governmental funds, but in the Statement of Net Assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Assets, the repayment reduces long-term liabilities.

Principal payments	990,000
Accretion of bond premium not reported in governmental funds	16,022
Amortization expense of costs of issuance not reported in governmental funds	(16,991)

Repayment of long-term receivables is treated as revenues in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Assets. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets.

Loan program receipts	(46,368)
Loans made during the year	4,084,982
Direct loan write-offs	(1,639,189)
Deferred interest receivable	17,500

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available (net change).

Compensated absences	156,528
Allowance for notes receivable	(443,358)
Other post employment benefits	<u>(93,127)</u>

Change in net assets of governmental activities	\$ <u>410,500</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ 2,006,862	\$ 4,926,728	\$ 7,424,632
Accounts receivable, net of \$140,143 allowance	5,148	494,978	2,613,978
Interest receivable	1,855	4,667	7,959
Deferred charges, net	<u>-</u>	<u>-</u>	<u>2,749,387</u>
Total Current Assets	<u>2,013,865</u>	<u>5,426,373</u>	<u>12,795,956</u>
Restricted cash and investments	-	-	7,941,508
Capital assets			
Nondepreciable	1,510,584	-	5,000,000
Depreciable, net of accumulated depreciation	<u>3,602,167</u>	<u>3,951,612</u>	<u>115,555,826</u>
Total Non-Current Assets	<u>5,112,751</u>	<u>3,951,612</u>	<u>128,497,334</u>
Total Assets	<u>\$ 7,126,616</u>	<u>\$ 9,377,985</u>	<u>\$ 141,293,290</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 7,114	\$ 314,017	\$ 253,060
Accrued liabilities	8,321	28,789	36,336
Due to other funds	-	-	-
Deposits	22,041	153,715	959,378
Compensated absences - current portion	15,000	62,000	70,000
Bonds payable - current portion	<u>78,428</u>	<u>-</u>	<u>2,299,702</u>
Total Current Liabilities	<u>130,904</u>	<u>558,521</u>	<u>3,618,476</u>
Non-Current Liabilities			
Compensated absences - noncurrent portion	5,781	20,839	6,287
Bonds payable - noncurrent portion	<u>500,398</u>	<u>-</u>	<u>108,067,169</u>
Total Non-Current Liabilities	<u>506,179</u>	<u>20,839</u>	<u>108,073,456</u>
Total Liabilities	<u>637,083</u>	<u>579,360</u>	<u>111,691,932</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	4,533,925	3,951,612	20,879,850
Unrestricted	<u>1,955,608</u>	<u>4,847,013</u>	<u>8,721,508</u>
Total Net Assets	<u>\$ 6,489,533</u>	<u>\$ 8,798,625</u>	<u>\$ 29,601,358</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF NET ASSETS (continued)
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ -	\$ 162,429	\$ 14,520,651
Accounts receivable, net of \$140,143 allowance	43,880	-	3,157,984
Interest receivable	-	151	14,632
Deferred charges, net	<u>-</u>	<u>-</u>	<u>2,749,387</u>
Total Current Assets	<u>43,880</u>	<u>162,580</u>	<u>20,442,654</u>
Restricted cash and investments	-	-	7,941,508
Capital assets			
Nondepreciable	-	117,600	6,628,184
Depreciable, net of accumulated depreciation	<u>190,550</u>	<u>3,615,561</u>	<u>126,915,716</u>
Total Non-Current Assets	<u>190,550</u>	<u>3,733,161</u>	<u>141,485,408</u>
Total Assets	<u>\$ 234,430</u>	<u>\$ 3,895,741</u>	<u>\$ 161,928,062</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 5,384	\$ 1,197	\$ 580,772
Accrued liabilities	5,371	860	79,677
Due to other funds	257,748	-	257,748
Deposits	-	-	1,135,134
Compensated absences - current portion	11,000	-	158,000
Bonds payable - current portion	<u>-</u>	<u>-</u>	<u>2,378,130</u>
Total Current Liabilities	<u>279,503</u>	<u>2,057</u>	<u>4,589,461</u>
Non-Current Liabilities			
Compensated absences - noncurrent portion	4,835	-	37,742
Bonds payable - noncurrent portion	<u>-</u>	<u>-</u>	<u>108,567,567</u>
Total Non-Current Liabilities	<u>4,835</u>	<u>-</u>	<u>108,605,309</u>
Total Liabilities	<u>284,338</u>	<u>2,057</u>	<u>113,194,770</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	190,550	3,733,161	33,289,098
Unrestricted	<u>(240,458)</u>	<u>160,523</u>	<u>15,444,194</u>
Total Net Assets	<u>\$ (49,908)</u>	<u>\$ 3,893,684</u>	<u>\$ 48,733,292</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 662,898	\$ 3,684,750	\$ 13,469,247
Total Operating Revenue	<u>662,898</u>	<u>3,684,750</u>	<u>13,469,247</u>
<u>OPERATING EXPENSES</u>			
Personnel services	315,715	1,263,718	1,555,987
Contractual and professional services	34,895	998,914	1,576,213
Supplies and operating costs	191,100	923,563	1,043,500
Utilities	32,315	210,595	807,254
Intergovernmental	-	20	20
Depreciation	<u>324,096</u>	<u>305,882</u>	<u>3,133,303</u>
Total Operating Expenses	<u>898,121</u>	<u>3,702,692</u>	<u>8,116,277</u>
Operating Income (Loss)	<u>(235,223)</u>	<u>(17,942)</u>	<u>5,352,970</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Grant revenue	-	55,800	-
Investment income	8,749	20,960	34,748
Interest expense	<u>(32,850)</u>	<u>-</u>	<u>(5,676,342)</u>
Total Non-Operating Revenues (Expenses)	<u>(24,101)</u>	<u>76,760</u>	<u>(5,641,594)</u>
Income (Loss) Before Transfers	<u>(259,324)</u>	<u>58,818</u>	<u>(288,624)</u>
Transfers in	-	-	70,491
Transfers out	<u>(86,693)</u>	<u>-</u>	<u>-</u>
Total Transfers	<u>(86,693)</u>	<u>-</u>	<u>70,491</u>
Change in Net Assets	<u>(346,017)</u>	<u>58,818</u>	<u>(218,133)</u>
Total Net Assets - July 1, 2010	5,089,322	8,739,807	30,753,969
Prior Period Adjustment (Note16)	<u>1,746,228</u>	<u>-</u>	<u>(934,478)</u>
Total Net Assets - July 1, 2010 Restated	<u>6,835,550</u>	<u>8,739,807</u>	<u>29,819,491</u>
Total Net Assets - June 30, 2011	<u>\$ 6,489,533</u>	<u>\$ 8,798,625</u>	<u>\$ 29,601,358</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 319,943	\$ 132,600	\$ 18,269,438
Total Operating Revenue	<u>319,943</u>	<u>132,600</u>	<u>18,269,438</u>
<u>OPERATING EXPENSES</u>			
Personnel services	245,860	3,170	3,384,450
Contractual and professional services	18,882	85,350	2,714,254
Supplies and operating costs	141,699	7,754	2,307,616
Utilities	-	12,143	1,062,307
Intergovernmental	-	-	40
Depreciation	<u>40,223</u>	<u>109,563</u>	<u>3,913,067</u>
Total Operating Expenses	<u>446,664</u>	<u>217,980</u>	<u>13,381,734</u>
Operating Income (Loss)	<u>(126,721)</u>	<u>(85,380)</u>	<u>4,887,704</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Grant revenue	-	-	55,800
Investment income	-	7,305	71,762
Interest expense	<u>-</u>	<u>-</u>	<u>(5,709,192)</u>
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>7,305</u>	<u>(5,581,630)</u>
Income (Loss) Before Transfers	<u>(126,721)</u>	<u>(78,075)</u>	<u>(693,926)</u>
Transfers in	-	-	70,491
Transfers out	<u>-</u>	<u>-</u>	<u>(86,693)</u>
Total Transfers	<u>-</u>	<u>-</u>	<u>(16,202)</u>
Change in Net Assets	<u>(126,721)</u>	<u>(78,075)</u>	<u>(710,128)</u>
Total Net Assets - July 1, 2010	76,813	3,971,759	48,631,670
Prior Period Adjustment (Note16)	<u>-</u>	<u>-</u>	<u>811,750</u>
Total Net Assets - July 1, 2010 Restated	<u>76,813</u>	<u>3,971,759</u>	<u>49,443,420</u>
Total Net Assets - June 30, 2011	<u>\$ (49,908)</u>	<u>\$ 3,893,684</u>	<u>\$ 48,733,292</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash receipts from customers	\$ 679,682	\$ 3,746,561	\$ 13,288,707
Cash paid to suppliers for goods and services	(258,639)	(1,895,836)	(3,407,033)
Cash paid to employees	<u>(306,864)</u>	<u>(1,269,075)</u>	<u>(1,571,260)</u>
Net Cash Provided (Used) by Operating Activities	<u>114,179</u>	<u>581,650</u>	<u>8,310,414</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in	250,000	-	70,491
Transfer out	(336,693)	-	-
Interfund receipts	-	-	9,937
Interfund payments	<u>(5,581)</u>	<u>(111,099)</u>	<u>(4,215)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(92,274)</u>	<u>(111,099)</u>	<u>76,213</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	(74,495)	-	(12,305,000)
Interest paid on capital debt	(32,850)	-	(5,814,958)
Intergovernmental revenues	-	55,800	-
Acquisition and construction of capital assets	<u>(179,746)</u>	<u>(306,473)</u>	<u>(692,484)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(287,091)</u>	<u>(250,673)</u>	<u>(18,812,442)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends received	<u>9,405</u>	<u>22,375</u>	<u>35,487</u>
Net Cash Provided by Investing Activities	<u>9,405</u>	<u>22,375</u>	<u>35,487</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(255,781)	242,253	(10,390,328)
Cash and Cash Equivalents - July 1, 2010	<u>2,262,643</u>	<u>4,684,475</u>	<u>25,756,468</u>
Cash and Cash Equivalents - June 30, 2011	<u>\$ 2,006,862</u>	<u>\$ 4,926,728</u>	<u>\$ 15,366,140</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</u>			
Cash and investments	\$ 2,006,862	\$ 4,926,728	\$ 7,424,632
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>7,941,508</u>
Total Cash and Investments	<u>\$ 2,006,862</u>	<u>\$ 4,926,728</u>	<u>\$ 15,366,140</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (235,223)	\$ (17,942)	\$ 5,352,970
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	324,096	305,882	3,133,303
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	12,638	39,949	(205,440)
Increase (decrease) in accounts payable	(329)	237,256	19,954
Increase in deposits payable	4,146	21,862	24,900
Increase in accrued wages	2,300	4,717	5,548
Increase (decrease) in compensated absences	<u>6,551</u>	<u>(10,074)</u>	<u>(20,821)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 114,179</u>	<u>\$ 581,650</u>	<u>\$ 8,310,414</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash receipts from customers	\$ 318,785	\$ 132,600	\$ 18,166,335
Cash paid to suppliers for goods and services	(161,682)	(110,076)	(5,833,266)
Cash paid to employees	(244,593)	(2,363)	(3,394,155)
Net Cash Provided (Used) by Operating Activities	(87,490)	20,161	8,938,914
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in	-	-	320,491
Transfer out	-	-	(336,693)
Interfund receipts	87,490	-	97,427
Interfund payments	-	-	(120,895)
Net Cash Provided (Used) by Noncapital Financing Activities	87,490	-	(39,670)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	-	-	(12,379,495)
Interest paid on capital debt	-	-	(5,847,808)
Intergovernmental revenues	-	-	55,800
Acquisition and construction of capital assets	-	-	(1,178,703)
Net Cash Used for Capital and Related Financing Activities	-	-	(19,350,206)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends received	-	7,329	74,596
Net Cash Provided by Investing Activities	-	7,329	74,596
Net Increase (Decrease) in Cash and Cash Equivalents	-	27,490	(10,376,366)
Cash and Cash Equivalents - July 1, 2010	-	134,939	32,838,525
Cash and Cash Equivalents - June 30, 2011	\$ -	\$ 162,429	\$ 22,462,159
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</u>			
Cash and investments	\$ -	\$ 162,429	\$ 14,520,651
Restricted cash and investments	-	-	7,941,508
Total Cash and Investments	\$ -	\$ 162,429	\$ 22,462,159
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (126,721)	\$ (85,380)	\$ 4,887,704
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	40,223	109,563	3,913,067
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(1,158)	-	(154,011)
Increase (decrease) in accounts payable	(1,101)	(4,829)	250,951
Increase in deposits payable	-	-	50,908
Increase in accrued wages	405	807	13,777
Increase (decrease) in compensated absences	862	-	(23,482)
Net Cash Provided (Used) by Operating Activities	\$ (87,490)	\$ 20,161	\$ 8,938,914

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments (Note 2)	\$ 1,187,127
Accounts receivable	46,999
Interest receivable	<u>666</u>
Total Assets	\$ <u>1,234,792</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 18,575
Accrued liabilities	2,030
Deposits in trust	<u>1,214,187</u>
Total Liabilities	\$ <u>1,234,792</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The City of Hollister was incorporated in 1872. The City is a general law City located in San Benito County, located 100 miles southeast of San Francisco and 40 miles east of Monterey. The City provides the following services: public safety (police and fire), highways and streets, health and social services, culture recreation, public improvements, planning and zoning, and general administrative services. The City's powers are exercised through a City Council under a Council Manager form of government with five elected Council members served by a full time City Manager and staff, which, as the governing body of the City, is responsible for the legislative and executive control of the City.

The accompanying financial statements present the financial activities of the City along with the financial activities of its blended component unit, which is an entity for which the City is financially accountable. Together, these entities comprise the primary government for reporting purposes. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component unit, which is described below, is blended:

City of Hollister Redevelopment Agency

The Redevelopment Agency of the City of Hollister (the Agency) is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency was formed in 1983 and is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Redevelopment Funds.

Audited financial statements for the Agency may be obtained from the City of Hollister, 375 Fifth Street, Hollister, CA 95023.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the primary government (the City) and its blended component units. These statements include the financial activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities, which normally are supported by taxes and, intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as other governmental funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

GASB Statement No. 34 defines major funds and requires that the City's major governmental and proprietary funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of all fund-type totals. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, public works, and recreation.
- The *RDA - Housing Fund* was established to account for the activities of the Hollister Redevelopment Agency's low and moderate income housing. The Agency provides a wide range of services designed to assist and enhance the availability of low and moderate income housing to the community.
- The *RDA Capital Projects Fund* was established to account for financial resources used for the acquisition or construction of major capital facilities of the Hollister Redevelopment Agency.
- The *RDA Debt Service Fund* was established to account for the accumulation of financial resources for the payment of interest and principal on the long-term liabilities of the Hollister Redevelopment Agency.

The City reports the following major enterprise funds:

- The *Airport Fund* was established to account for the City's costs of providing airport services to the citizens of the City of Hollister.
- The *Water Fund* was established to account for the City's costs of providing water services to the citizens of the City of Hollister.
- The *Sewer Fund* was established to account for the City's costs of providing sewer services to the citizens of the City of Hollister.
- The *Street Sweeping Fund* was established to account for the City's costs of providing street sweeping services to the citizens of the City of Hollister.
- The *Briggs Building Fund* was established to account for the City's costs of running the Briggs Building.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following additional fund types:

- The *Agency Funds* are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City as an agent for other government units or individuals.

C. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the *current financial measurement focus* and *modified accrual basis of accounting*. Under this method, revenues are recognized when "susceptible to accrual" (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means that revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues are recognized in the current year if they are collected within 60 days of fiscal year end. For all other revenues, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues not considered available are recorded as deferred revenue. The City's other primary revenue sources: investment income, intergovernmental revenues and charges for services have been treated as "susceptible to accrual" under the modified accrual basis. Licenses and permits, fines, forfeitures and penalties, and other revenue are not considered "susceptible to accrual" under the modified accrual basis and are recorded as revenues when received. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

For its proprietary funds, the City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), are accounting principles generally accepted in the United States of America.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property Taxes

Property taxes in the State of California (State) are administered for all local agencies at the county level, and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuation. Valuations are established by the Assessor of the County of San Benito (County) for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. Proposition 13 also modified the value of taxable real property for fiscal 1979 by rolling back values to fiscal 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies. Under the provisions of Proposition 13, the County-wide tax levy for general revenue purposes is limited to 1% of full market value, which results in a tax rate of \$1.00 per \$100 assessed valuation. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates. All lien dates attach annually on January 1 proceeding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. The lien against real estate as well as the tax on personal property is not relieved by subsequent renewal or change in ownership.

Tax Collections. The County Treasurer/Tax Collector is responsible for all property tax collections. Taxes and assessments on the secured and utility rolls, which constitute a lien against the property, may be paid in two installments: the first installment is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second installment is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property. However, if the taxes become delinquent the lien is attached against anything the individual owns, which could include real property. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Teeter Plan. In 1993-94, the City elected to receive property tax revenue in accordance with the alternative method of distribution prescribed by Sections 4701-4717 of the California Revenue and Taxation Code, which is commonly known as the "Teeter Plan" whereby the County remits 100% of taxes levied without regard to delinquencies. The County then pursues collection, retaining any delinquent taxes and related penalties and interest.

Tax Levy Apportionments. Due to the nature of the County-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on two factors: the ratio that each agency represented of the total County-wide levy for the three years prior to fiscal 1979; and subsequent adjustments to these apportionments and transfers to the "Educational Revenue Augmentation Fund" (ERAF) as determined by the State.

City Property Tax Distribution Policy. Property taxes are recorded in the General Fund and Redevelopment Fund as general purpose revenue. Transfers are made from the General Fund as needed to support expenditures in the Capital Outlay and Debt Service Funds. Property taxes receivable at June 30, 2011 are generally insignificant but have been accrued since they will be collected within 60 days subsequent to year-end.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet as cash and investments. Investments held at June 30, 2011 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year end. All investments not required to be stated at fair value are stated at cost or amortized cost.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less and pooled cash when purchased to be cash equivalents.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Business-type activities report rental fees, charges for services, and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but are not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term notes in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Notes receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Rental fees, charges for services, and interest earnings compose the majority of proprietary fund receivables.

G. Prepaid Items and Inventory

Supplies are valued at cost. Supplies of the general fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the general fund at the time individual items are consumed. Reported general fund prepaid supplies are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

H. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The City defines capital assets excluding infrastructure as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of one year. Infrastructure assets with a historical cost of \$250,000 or more are accounted for as capital assets. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and the proprietary funds.

The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 50 years
Water and Sewer System	30 - 50 years
Infrastructure	20 - 35 years
Machinery and Equipment	5 - 10 years
Improvements	20 years

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phase of debt financed capital assets is included as part of the capitalized value of the asset constructed.

I. Compensated Absences

The liability for compensated absences is comprised of unused vacation leave and compensatory time off, which are accrued as earned. In addition, those employees with 10 years of service may cash out sick leave up to a City maximum upon termination. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

J. Long-Term Liabilities

In the government-wide financial statements and the proprietary fund financial statements, long-term liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Initial issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition prices of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, including deferred refunding amounts and underwriters' discounts, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental funds recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications

Government-wide Statements

The government-wide financial statements and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted net assets, or unrestricted net assets.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or legislation.
- *Unrestricted Net Assets* – This category represents net assets of the City, not restricted for any project or other purpose.

Fund Statements

Governmental fund equity is classified as fund balance. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- *Assigned* - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.
- *Unassigned* - Amounts representing the residual classification for the general fund.

Further detail about the Agency's fund balance classification is described in Note 9.

M. Post Employment Health Care Benefits

The City provides health care, life insurance, dental insurance, and disability income to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with City ordinances, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, disability due to line of duty, and whether the employee has vested in the respective retirement plan. Currently, the City funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the City subsidizing the remaining costs. See footnote 11 for further information.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue, capital project, and debt service funds.

During the period December through February of each fiscal year, department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding fiscal year. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Q. Implementation of Government Accounting Standards Board Statements and Standards

Effective July 1, 2010, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 54

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective to this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Application of this statement is effective for the City's fiscal year ending June 30, 2011. See Note for 9 more information.

Government Accounting Standards Board Statement No. 58

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. The City has determined that the statement's provisions are not applicable to them.

Government Accounting Standards Board Statement No. 59

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Future Government Accounting Standards Board Statements

These statements are not effective until June 30, 2011 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 57

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2012.

Government Accounting Standards Board Statement No. 60

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

Government Accounting Standards Board Statement No. 61

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

Government Accounting Standards Board Statement No. 62

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

Government Accounting Standards Board Statement No. 63

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 64

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 were classified in the accompanying financial statements as follows:

	Cash and investments	Restricted cash and investments	Total
Governmental activities	\$ 27,977,996	\$ 9,513,934	\$ 37,491,930
Business-type activities	<u>14,520,651</u>	<u>7,941,508</u>	<u>22,462,159</u>
Total government-wide cash and investments	<u>42,498,647</u>	<u>17,455,442</u>	<u>59,954,089</u>
Fiduciary activities	<u>1,187,127</u>	<u>-</u>	<u>1,187,127</u>
Total cash and investments	<u>\$ 43,685,774</u>	<u>\$ 17,455,442</u>	<u>\$ 61,141,216</u>

Cash and investments were carried at fair value as of June 30, 2011 and consisted of the following:

Local Area Investment Fund (LAIF)	\$ 34,638,179
Cash with fiscal agent	17,957,884
Deposits with financial institutions	8,385,973
Certificates of deposit	157,424
Cash on hand	<u>1,756</u>
Total cash and investments	<u>\$ 61,141,216</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Local Agency Investment Fund (LAIF)	5 years	50%	50%
U.S. Treasury Bills and Notes	5 years	50%	50%
Other Local California Agency Debt	5 years	50%	50%
U.S. Agency Securities or Government -Sponsored Enterprises	5 years	50%	50%
Certificates of Deposit	5 years	50%	50%

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Governmental Funds:			
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Money Market Funds rated "AAA-m" or better	None	None	None
Certificates of Deposit	366 days	None	None
Commercial Paper rated "AAA" or better	92 days	None	None
Business Enterprise Funds:			
Defeasance Securities	None	None	None
Obligations issued by:			
Resolution Funding Corporation	None	None	None
Loan marketing Association	None	None	None
Government National Mortgage Association	None	None	None
Bankers Acceptances rated "AAA" or better	180 days	None	None
Commercial Paper (not to represent more than 10% of the outstanding commercial paper of an issuing corporation)	270 days	None	None
Non-negotiable Certificates of Deposit	365 days	None	None
Deposit accounts fully insured by the F.D.I.C.	None	None	None
State or Municipal Bonds or Notes rated "A" or better	None	None	None
Money Market Funds rated "AAA-m" or better composed of obligations of the United States or its Agencies	None	None	None
Guaranteed Investment Contracts rated "AA" or better	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2011:

Investment Type	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Local Area Investment Pool (LAIF)	\$ 34,638,179	\$ -	\$ 34,638,179
Certificates of deposit	157,424	-	157,424
Held by bond trustee:			
Money market funds	<u>17,957,884</u>	<u>-</u>	<u>17,957,884</u>
	<u>\$ 52,753,487</u>	<u>\$ -</u>	<u>\$ 52,753,487</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held by bond trustees) that were highly sensitive to interest rate fluctuations as of June 30, 2011.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Minimum Legal Rating	Rating as of Fiscal Year End S&P	Rating as of Fiscal Year End N/A
State Investment Pool (LAIF)	\$ 34,638,179	N/A		Not rated
Certificates of Deposit	157,424	N/A		Not rated
Held by bond trustee:				
Money market funds	<u>17,957,884</u>	N/A	AAA	
	<u>\$ 52,753,487</u>			

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of total City investments as of June 30, 2011 were as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Blackrock Institutional Funds	US Treasury securities	\$ <u>17,957,884</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2011, the carrying amount of the City's bank balances were \$8,734,311, of which \$1,126,650 was insured.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3: NOTES RECEIVABLE

The City has made various business loans to qualifying businesses in the redevelopment area through programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. In addition, the City has made various loans under the Community Development Block Grant (CDBG) revolving loan program and the San Benito Revolving Loan Fund. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to suspend these funds in accordance with the Agency's terms.

The balance of the notes receivable, net of allowance, has been offset in the fund financial statements by deferred revenue as they are not deemed measurable and available (within 60 days). In the government-wide financial statements, the City has provided a 100% allowance for all notes receivable subject to long-term deferral and/or payment from future refinancing except those accounts that have current payment and activity and are not delinquent. Individual loans range from \$3,000 to \$1,000,000. Total notes receivable as of June 30, 2011 was as follows:

	<u>Balance</u>
Notes Receivable	\$ 19,541,258
Allowance for Doubtful Notes	<u>(5,537,823)</u>
Notes Receivable, net	<u>\$ 14,003,435</u>

Promissory Notes on Shared Appreciation Loans

Certain housing units in the redevelopment area are part of an affordable housing program designed to create, preserve, maintain, and protect housing for persons of low or moderate income. Qualified persons ("buyer") are able to purchase the housing units at below fair market value, as a result of the Agency's investment in the project. The Agency has a promissory note with the buyer for the amount of the difference between the fair market value and the purchase price of the unit, which is considered the Agency's initial equity contribution. No payments are due under the promissory note, unless the buyer re-sells the unit to a non-eligible buyer or otherwise defaults on the promissory note, as defined in the agreement. The promissory note is cancelled if the buyer sells the unit to another eligible buyer. If the buyer sells to a non-eligible buyer, the Agency will receive a pro-rate share (based on the Agency's and buyer's respective equity) of the appreciation of the unit. As of June 30, 2011, no amounts have been recorded related to these loans as any payment is contingent on sales of units to non-eligible buyers in the future.

NOTE 4: LAND HELD FOR RESALE

At June 30, 2011, the City had the following property for resale or development:

Hillcrest Road (Leatherback property)	<u>\$ 4,893,154</u>
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CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5: INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2011 was as follows:

Balances due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	RDA - Housing	\$ 148,803
	RDA - Capital Projects	165,903
	Non-Major Governmental Funds	153,802
	Street Sweeping	<u>106,115</u>
		<u>574,623</u>
RDA - Capital Projects	General Fund	<u>180,398</u>
Non-Major Governmental Funds	General Fund	59,340
	Street Sweeping Fund	<u>151,633</u>
		<u>210,973</u>
Total		\$ <u>965,994</u>

These interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5: INTERFUND TRANSACTIONS (continued)

Transfers to/from other funds:

Transfers are indicative of funding for capital projects, debt service, subsidies of various City operations and re-allocations of special revenue. The following schedule briefly summarizes the City's transfer activity:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Description of Transfer</u>	<u>Amount Transferred</u>
<u>Major Governmental Funds</u>			
General Fund	AFG Grant	Matching grant funds	\$ 8,665
General Fund	JAG Grant Equipment	Revenue recorded in incorrect fund	11,700
RDA Housing	General Fund	Project costs	50,000
RDA Capital Projects	General Fund	Project costs	50,000
RDA Debt Service	RDA Capital Projects	Excess property taxes	<u>1,548,080</u>
Total Major Governmental Interfund Transfers			<u>1,668,445</u>
<u>Non-Major Governmental Funds</u>			
CDBG Low Income Housing Rehab	Sewer	Senior discount subsidy	70,491
CDBG Low Income Housing Rehab	General Fund	Library subsidy	15,000
Traffic Safety	General Fund	To close out fund	485
Oil Recycling	General Fund	To close out fund	26,477
Office of Traffic Safety	General Fund	To close out fund	7,654
Council of Governments	General Fund	To close out fund	<u>163,559</u>
Total Non-Major Governmental Interfund Transfers			<u>283,666</u>
Total Governmental Interfund Transfers			<u>\$ 1,952,111</u>
<u>Proprietary Funds</u>			
Airport	Hollister Air Show	Airshow start up costs	\$ 5,000
Airport	Federal Aviation Admin Grant	Matching grant funds	<u>81,693</u>
Total Proprietary Interfund Transfers			<u>\$ 86,693</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6: CAPITAL ASSETS

The following is a summary of capital asset transactions related to governmental and business-type activities of the City for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011
<u>Governmental Activities:</u>				
Capital assets not being depreciated				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Construction-in-progress	<u>569,455</u>	<u>1,451,314</u>	<u>-</u>	<u>2,020,769</u>
Total capital assets not being depreciated	<u>994,455</u>	<u>1,451,314</u>	<u>-</u>	<u>2,445,769</u>
Capital assets being depreciated				
Buildings	25,541,919	-	-	25,541,919
Equipment	7,848,497	371,946	-	8,220,443
Improvements	1,183,200	149,356	-	1,332,556
Infrastructure	<u>16,259,762</u>	<u>1,752,021</u>	<u>-</u>	<u>18,011,783</u>
Total capital assets being depreciated	<u>50,833,378</u>	<u>2,273,323</u>	<u>-</u>	<u>53,106,701</u>
Less accumulated depreciation				
Buildings	(7,790,543)	(767,663)	-	(8,558,206)
Equipment	(5,399,981)	(302,095)	-	(5,702,076)
Improvements	(398,649)	(48,700)	-	(447,349)
Infrastructure	<u>(3,760,873)</u>	<u>(622,783)</u>	<u>-</u>	<u>(4,383,656)</u>
Total accumulated depreciation	<u>(17,350,046)</u>	<u>(1,741,241)</u>	<u>-</u>	<u>(19,091,287)</u>
Governmental activities capital assets, net	<u>\$ 34,477,787</u>	<u>\$ 1,983,396</u>	<u>\$ -</u>	<u>\$ 36,461,183</u>

Depreciation was charged to functions based on their usage of the related assets as follows:

<u>Governmental Activities:</u>	
General government	\$ 401,574
Public services	490,408
Public works	624,573
Recreation	<u>224,686</u>
Total governmental activities depreciation expense	<u>\$ 1,741,241</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6: CAPITAL ASSETS (continued)

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2011</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated					
Land	\$ 5,243,600	\$ -	\$ -	\$ -	\$ 5,243,600
Air rights	1,384,584	-	-	-	1,384,584
Construction-in-progress	<u>20,288</u>	<u>-</u>	<u>-</u>	<u>(20,288)</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,648,472</u>	<u>-</u>	<u>-</u>	<u>(20,288)</u>	<u>6,628,184</u>
Capital assets being depreciated					
Buildings	16,282,088	255,943	-	20,288	16,558,319
Equipment	3,460,767	563,426	-	-	4,024,193
Improvements and infrastructure	<u>132,975,617</u>	<u>359,334</u>	<u>-</u>	<u>-</u>	<u>133,334,951</u>
Total capital assets being depreciated	<u>152,718,472</u>	<u>1,178,703</u>	<u>-</u>	<u>20,288</u>	<u>153,917,463</u>
Less accumulated depreciation					
Buildings	(7,951,154)	(470,158)	-	-	(8,421,312)
Equipment	(2,637,650)	(139,366)	-	-	(2,777,016)
Improvements and infrastructure	<u>(12,499,876)</u>	<u>(3,303,543)</u>	<u>-</u>	<u>-</u>	<u>(15,803,419)</u>
Total accumulated depreciation	<u>(23,088,680)</u>	<u>(3,913,067)</u>	<u>-</u>	<u>-</u>	<u>(27,001,747)</u>
Business-type capital assets, net	<u>\$136,278,264</u>	<u>\$ (2,734,364)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,543,900</u>

Depreciation was charged to functions/programs of the City's business-type activities as follows:

Airport	\$ 324,096
Water	305,882
Sewer	3,133,303
Street Sweeping	40,223
Briggs Building	<u>109,563</u>
Total business-type activities depreciation expense	<u>\$ 3,913,067</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LONG-TERM LIABILITIES

Governmental Activities

Long-term obligations of the City consist of bonds, and other liabilities, which are payable from the General, Debt Service, Capital Projects, and Enterprise Funds. The following is a summary of long-term liabilities transactions related to governmental activities of the City for the year ended June 30, 2011:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Current Portion</u>
1997 Tax allocation bonds	\$ 3,530,000	\$ -	\$ (815,000)	\$ 2,715,000	\$ 860,000
2003 Tax allocation bonds	33,890,000	-	(60,000)	33,830,000	65,000
2009 Tax allocation bonds	<u>8,000,000</u>	<u>-</u>	<u>(115,000)</u>	<u>7,885,000</u>	<u>200,000</u>
Total Bonds Payable	<u>45,420,000</u>	<u>-</u>	<u>(990,000)</u>	<u>44,430,000</u>	<u>1,125,000</u>
Other liabilities:					
Bond issuance premium	384,517	-	(16,022)	368,495	16,022
Compensated absences	<u>813,360</u>	<u>369,588</u>	<u>(526,116)</u>	<u>656,832</u>	<u>526,000</u>
Total Long-term Liabilities	<u>\$ 46,617,877</u>	<u>\$ 369,588</u>	<u>\$ (1,532,138)</u>	<u>\$ 45,455,327</u>	<u>\$ 1,667,022</u>

A description of the long-term liabilities related to governmental activities at June 30, 2011 follows:

A. 1997 Tax Allocation Bonds

In May 1997, the City authorized the issuance of \$9,025,000 of refunding tax allocation bonds to advance refund \$9,720,000 outstanding 1988 and 1989 series bonds. The bonds were issued with an average interest rate of 5.38%. Principal payments are due annually in October until 2014. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 860,000	\$ 122,819
2013	905,000	75,384
2014	<u>950,000</u>	<u>25,531</u>
Total	<u>\$ 2,715,000</u>	<u>\$ 223,734</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LONG-TERM LIABILITIES (continued)

B. 2003 Tax Allocation Bonds

In August 2003, the City authorized the issuance of \$35,000,000 of refunding tax allocation bonds to advance refund the City's Series 1991 A and 1991 B tax allocation bonds. The bond bears interest from 3.00 - 5.25%. Principal payments are due annually on October 1 until 2032. Interest is due semi-annually on October 1 and April 1 through 2033. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 65,000	\$ 1,747,441
2013	65,000	1,744,906
2014	75,000	1,742,012
2015	1,080,000	1,712,068
2016	1,135,000	1,653,925
2017 - 2021	6,625,000	7,286,563
2022 - 2026	8,555,000	5,309,233
2027 - 2031	11,000,000	2,805,681
2032 - 2036	<u>5,230,000</u>	<u>271,369</u>
Total	<u>\$ 33,830,000</u>	<u>\$ 24,273,198</u>

C. 2009 Tax Allocation Bonds

In July 2009, the Agency issued \$8,000,000 in tax allocation bonds, series 2009. The proceeds of the Series 2009 bonds will be used to (i) aid in financing the Hollister Community Development Project (the "Project"); (ii) make a deposit into the reserve account established for the bonds; and (iii) pay costs incidental to the issuance of the Series 2009 bonds. Interest on the Series 2009 bonds range from 3.0% - 5.625% and are payable on April 1 and October 1 of each year. Principal payments are due annually in October through October 2032. The bonds are secured by a pledge of tax revenue in the project area. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 200,000	\$ 476,056
2013	210,000	469,131
2014	215,000	461,156
2015	220,000	452,181
2016	230,000	442,331
2017 - 2021	1,350,000	2,015,097
2022 - 2026	1,785,000	1,554,630
2027 - 2031	2,445,000	869,211
2032 - 2036	<u>1,230,000</u>	<u>87,500</u>
Total	<u>\$ 7,885,000</u>	<u>\$ 6,827,293</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LONG-TERM LIABILITIES (continued)

D. Debt Service Requirements

Total debt service requirements for the governmental funds are shown below:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,125,000	\$ 2,346,316
2013	1,180,000	2,289,421
2014	1,240,000	2,228,699
2015	1,300,000	2,164,249
2016	1,365,000	2,096,256
2017 - 2021	7,975,000	9,301,660
2022 - 2026	10,340,000	6,863,863
2027 - 2031	13,445,000	3,674,892
2032 - 2036	<u>6,460,000</u>	<u>358,869</u>
Total	<u>\$ 44,430,000</u>	<u>\$ 31,324,225</u>

E. Bond Issuance Costs and Premiums

Capitalized bond costs related to bond issuances have been recorded as deferred charges of \$356,814 and bond premium in the amount of \$368,495. The balances are amortized (accrued) using the straight line method over the bond terms of 30 years. Net accretion for bond costs for the year ended June 30, 2011 totaled \$969.

F. Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. The liability for compensated absences is determined annually. The City does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination. However, in the Statement of Activities the expenditure is allocated to each function based on usage. The compensated absences liability attributable to the governmental activities was liquidated as follows: General Fund 70%, Measure T Fund 5%, RDA – Capital Projects Fund 20%, and Nonmajor funds 5%.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LONG-TERM LIABILITIES (continued)

Business-type Activities

The following is a summary of long-term liabilities transactions related to business-type activities of the City for the year ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Current Portion</u>
2006 Wastewater revenue bonds	\$ 110,375,000	\$ -	\$ (11,980,000)	\$ 98,395,000	\$ 1,715,000
2007 Wastewater refunding bonds	5,955,000	-	(325,000)	5,630,000	340,000
CA Dept. of Transportation loan	<u>653,321</u>	<u>-</u>	<u>(74,495)</u>	<u>578,826</u>	<u>78,428</u>
Total bonds and loans payable	<u>116,983,321</u>	<u>-</u>	<u>(12,379,495)</u>	<u>104,603,826</u>	<u>2,133,428</u>
Other liabilities:					
Bond issuance premium	6,586,573	-	(244,702)	6,341,871	244,702
Compensated absences	<u>219,224</u>	<u>134,858</u>	<u>(158,340)</u>	<u>195,742</u>	<u>158,000</u>
Total Long-Term Liabilities	<u>\$ 123,789,118</u>	<u>\$ 134,858</u>	<u>\$ (12,782,537)</u>	<u>\$ 111,141,439</u>	<u>\$ 2,536,130</u>

A description of the long-term liabilities related to business-type activities at June 30, 2011 is as follows:

A. 2006 Wastewater Revenue Bonds

In December 2006, the Hollister Joint Powers Financing Authority authorized the issuance of \$120,535,000 of general obligation bonds to (i) refund a portion of the 1993 revenue bonds; (ii) finance the costs of acquisition and construction of wastewater facilities for the City; (iii) fund capitalized interest on the 2006 bonds; (iv) fund a reserve fund for the 2006 bonds; and (v) pay costs of issuance of the 2006 bonds. Of the total issuance, \$6,290,000 was used to refund the Authority's \$12,965,000 outstanding principal amount of 1993 bonds. Upon the issuance, the Refunded 1993 bonds were defeased pursuant to terms of the trust indenture pursuant to which such refunded 1993 bonds were issued. Upon delivery of the 2006 bonds and the refunding of the Refunded 1993 bonds, there was \$6,675,000 outstanding principal amount remaining of 1993 bonds. This refunding generated net present value economic savings of \$741,450 and average annual savings of approximately \$66,360. The 2006 bonds bear interest from 4.00 - 5.00%. Principal payments are due annually on June 1 until 2037. Interest is due semi-annually on June 1 and December 1 through 2037. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,715,000	\$ 4,886,176
2013	1,810,000	4,801,126
2014	1,890,000	4,711,376
2015	1,990,000	4,617,650
2016	2,090,000	4,518,950
2017 - 2021	12,090,000	21,535,826
2022 - 2026	16,685,000	17,592,276
2027 - 2031	23,410,000	12,724,076
2032 - 2036	29,835,000	6,301,978
2037 - 2041	<u>6,880,000</u>	<u>342,150</u>
Total	<u>\$ 98,395,000</u>	<u>\$ 82,031,584</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LONG-TERM LIABILITIES (continued)

B. 2007 Wastewater Refunding Revenue Bonds

In May 2007, the Hollister Joint Powers Financing Authority authorized the issuance of \$6,860,000 of general obligation bonds to (i) refund the \$6,675,000 outstanding principal amount of the 1993 bonds on June 1, 2007; (ii) fund a reserve fund for the 2007 bonds; and (iii) pay costs of issuance of the 2007 bonds. The refunding generated economic savings of approximately \$675,900 or 10.13% of the refunded bonds, and average annual savings of approximately \$53,820. The 2007 Refunding bonds bear interest at 3.52 - 4.42%. Principal payments are due annually on June 1 until 2024. Interest payments are due semi-annually on June 1 and December 1 through 2024. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 340,000	\$ 229,100
2013	350,000	215,500
2014	365,000	201,500
2015	380,000	186,900
2016	395,000	171,700
2017 - 2021	2,230,000	607,500
2022 - 2026	<u>1,570,000</u>	<u>134,738</u>
Total	<u>\$ 5,630,000</u>	<u>\$ 1,746,938</u>

C. California Department of Transportation Loan

In January of 2001, the City entered into a loan agreement with the State of California, Department of Transportation, for the purpose of planning, acquisition, construction, improvement, maintenance, and operation of the Hollister Municipal Airport. The loan extends for a period of 17 years at an annual interest rate of 5.03%. Principal payments are due annually in May. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 78,428	\$ 29,667
2013	82,362	24,659
2014	86,297	20,472
2015	88,522	16,150
2016	92,456	11,678
2017 - 2021	<u>150,761</u>	<u>9,418</u>
Total	<u>\$ 578,826</u>	<u>\$ 112,044</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LONG-TERM LIABILITIES (continued)

D. Debt Service Requirements

Total debt service requirements for business-type activities:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,133,428	\$ 5,144,943
2013	2,242,362	5,041,285
2014	2,341,297	4,933,348
2015	2,458,522	4,820,700
2016	2,577,456	4,702,328
2017 - 2021	14,470,761	22,152,744
2022 - 2026	18,255,000	17,727,014
2027 - 2031	23,410,000	12,724,076
2032 - 2036	29,835,000	6,301,978
2037 - 2041	<u>6,880,000</u>	<u>342,150</u>
Total	<u>\$ 104,603,826</u>	<u>\$ 83,890,566</u>

E. Deferred Charges

Capitalized bond costs related to the bond issuances have been recorded as deferred charges and bond premium in the amounts of \$2,749,387 and \$6,341,871, respectively. The balances are amortized (accrued) using the straight line method over the bond terms of 30 years. Net accretion for bond costs for the year ended June 30, 2011 totaled \$138,616.

F. Limitations and Restrictions

There are a number of limitations and restrictions contained in the various debt indentures. The City's management believes that the City is in compliance with all significant limitations and restrictions.

G. Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financings and at June 30, 2011 does not expect to incur a liability.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8: DEBT WITHOUT CITY COMMITMENT

Special assessment bonds and related interest costs are payable solely from assessments and interest collected from the property owners benefited by the respective improvements. The City has no liability for payment of the bonds should assessments be insufficient to cover bond principal and interest; however due to the City's oversight relationship with the Special Assessment Districts, they are included in the City's reporting entity as Special Assessment Debt in the Agency Funds. As of June 30, 2011, the outstanding principal amounts of the bonds were:

	<u>Original Principal</u>	<u>Origination Date</u>	<u>Maturity</u>	<u>Balance at June 30, 2011</u>
Meridian Street District	\$ 1,620,000	3/2/1994	9/2/2022	\$ 1,540,000
San Benito Estates	320,000	3/2/1992	9/2/2021	295,000
Gateway Center	<u>790,000</u>	3/2/1999	9/2/2019	<u>665,000</u>
Total	<u>\$ 2,730,000</u>			<u>\$ 2,500,000</u>

NOTE 9: FUND BALANCES AND NET ASSETS

Fund Balances

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

The City established the following fund balance policies:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Redevelopment properties held for resale, inventories, and prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure projects are restricted by State statute and County laws are legally segregated for funding of infrastructure improvements.

Committed Fund Balance: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of June 30, 2011.

Assigned Fund Balance: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through City Council delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9: FUND BALANCES AND NET ASSETS (continued)

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

As of June 30, 2011, fund balances were comprised of:

	Major Funds				Other	Total
	General Fund	RDA - Housing	RDA - Capital Projects	RDA - Debt Service	Governmental Funds	Governmental Funds
Nonspendable:						
Land held for resale	\$ -	\$ -	\$ 4,893,154	\$ -	\$ -	\$ 4,893,154
Prepaid items	<u>37,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,812</u>
Total Nonspendable	<u>37,812</u>	<u>-</u>	<u>4,893,154</u>	<u>-</u>	<u>-</u>	<u>4,930,966</u>
Restricted:						
Redevelopment	-	-	1,330,750	-	-	1,330,750
Low & moderate housing	-	8,003,280	-	-	-	8,003,280
Grants	-	-	-	-	1,088,810	1,088,810
Taxes & assessments	-	-	-	-	12,948,109	12,948,109
Loan programs	-	-	-	-	2,124,099	2,124,099
Capital projects	-	-	-	-	595,567	595,567
Debt service	<u>-</u>	<u>-</u>	<u>5,935,912</u>	<u>3,579,652</u>	<u>-</u>	<u>9,515,564</u>
Total Restricted	<u>-</u>	<u>8,003,280</u>	<u>7,266,662</u>	<u>3,579,652</u>	<u>16,756,585</u>	<u>35,606,179</u>
Unassigned	<u>2,565,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,399)</u>	<u>2,478,095</u>
Total fund balances	<u>\$ 2,603,306</u>	<u>\$ 8,003,280</u>	<u>\$ 12,159,816</u>	<u>\$ 3,579,652</u>	<u>\$ 16,669,186</u>	<u>\$ 43,015,240</u>

Net Assets

The government-wide Statement of Net Assets reports \$35,606,179 of restricted net assets, of which \$9,515,564 is restricted by debt covenants and \$26,090,615 is restricted by enabling legislation.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10: PENSION PLAN

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect for the year ended June 30, 2011, are summarized as follows:

	<u>Miscellaneous</u>	<u>Police Safety</u>	<u>Fire Safety</u>
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	50	50
Monthly benefits, as a % of annual salary	2%	3%	3%
Required employee contribution rates	7%	9%	9%
Required employer contribution rates	15.178%	35.377%	25.526%
Actuarially required contributions	\$ 879,171	\$ 973,366	\$ 584,681

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the total related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities.

The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions monthly.

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

Audited annual financial statements and ten-year trend information are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

The Plans' actuarial value (which differs from market value) and funding progress over the past three years, as reported by PERS in their most recent actuarial evaluation are set forth below at their most recent actuarial valuation date of June 30, 2009:

Three Year Trend Information for PERS Miscellaneous Plan			
<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC</u>	
	<u>(APC)</u>	<u>Contributed</u>	
2009	\$ 753,973	100%	
2010	\$ 739,817	100%	
2011	\$ 879,171	100%	

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10: PENSION PLAN (continued)

Three Year Trend Information for PERS Police Safety Plan		
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
2009	\$ 919,916	100%
2010	\$ 911,333	100%
2011	\$ 973,366	100%

Three Year Trend Information for PERS Fire Safety Plan		
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
2009	\$ 562,426	100%
2010	\$ 545,190	100%
2011	\$ 584,681	100%

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB)

This note includes information required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

Description of the Plan

The City sponsors and administers a single-employer health care plan for its employees. Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The City sets its monthly contribution rates for health insurance on behalf of active employees according to PEMHCA statutory minimum. These amounts are indexed in all future years according to the rate of medical inflation. The excess of the designated City contribution for healthcare over PEMHCA statutory minimum is contributed to a Cafeteria Plan and employees may elect to have some or all of this excess contributed on their behalf to CalPERS as an employee contribution towards healthcare benefits. The City's plan does not issue a stand-alone financial report and it is not included in the report of another public entity.

For the year ended June 30, 2011, the City had nine retired employees (including covered dependents), as well as 137 active employees who may become eligible to retire and receive benefits in the future.

Funding Policy

Employees become eligible to retire under PEMHCA and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City's contribution on behalf of all retirees except sworn police and fire employees is the statutory minimum (\$97/month for 2008 and \$101/month for 2009). Sworn police officers who have completed at least 15 years of service, and fire employees who have completed at least 20 consecutive years of service, receive a City contribution of \$200 per month, ending at age 65, with the contribution reverting to the statutory minimum at that time and for their further lifetime. In addition, the City pays a 0.45% of premium administrative fee on behalf of employees and retirees. As of June 30, 2011, the City had not established a formal funding policy or trust to maintain future required contributions. The City is currently funding the benefits on a pay-as-you-go basis.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2011, the City's annual cost for the healthcare plan was \$110,026. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2011 were as follows:

Annual required contribution	
Service cost at year-end	\$ 62,184
30-year amortization of funded liability	50,950
Interest on net OPEB obligation	10,325
Adjustment to net OPEB obligation	<u>(13,433)</u>
Total annual required contribution	<u>110,026</u>
Employer contributions	(16,899)
Net pension obligation - June 30, 2010	<u>206,497</u>
Net pension obligation - June 30, 2011	<u>\$ 299,624</u>

<u>Year Ended</u>	<u>Annual OPEB cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB</u>
6/30/2009	\$ 113,134	\$ 7,920	7 %	\$ 105,214
6/30/2010	\$ 111,551	\$ 10,267	9 %	\$ 206,498
6/30/2011	\$ 110,026	\$ 16,899	15 %	\$ 299,624

Fiscal year 2009 was the year of implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. Therefore, prior year comparative data is not available.

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of 2009 (most recent actuary report), was as follows:

Actuarial accrued liability (AAL)	
Active employees	\$ 554,600
Retired employees	<u>228,624</u>
	<u>783,224</u>
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 783,224</u>
Funded Ratio (actuarial value of plan assets / AAL)	0 %
Covered payroll (active plan members)	\$ 8,892,778
UAAL as a percentage of covered payroll	9 %

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on the values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2009 was the year of implementation of GASB Statement No. 45 and the City elected to apply the statement prospectively, only one year is presented in the schedule at this time. In future years, required trend data will be presented.

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included amortization based on a 30-year level dollar (open) and a 5.0% investment rate of return. The turnover rates were taken from a standard actuarial table according to the Crocker-Sarason Table T-5 less mortality, increased by 40% at all ages. This assumption was found to match historical City turnover experience. Retirement rates were also based on experience of the City blended with experience of other cities of similar size and with similar retiree health benefits. A 4% per year medical inflation rate was assumed to project PERS statutory minimum. 70% of future retirees other than police and fire were assumed to waive coverage under PEMHCA. 50% of future retirees were assumed to have spouses at the time of retirement. The healthcare trend rates are based on the actuarial consultant's knowledge of the general healthcare environment and the specific coverages offered by the City.

NOTE 12: EXCESS OF EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

During fiscal 2011, the following funds had excess expenditures and/or transfers over appropriations:

<u>Fund</u>	<u>Excess</u>
RDA - Debt Service	\$ 439,597
Traffic Safety	154
Local Transportation	37,837
Hollister Air Show	1,833
Oil Recycling	26,467
Office of Traffic Safety	42,904
Animal Welfare	13,087
CAL Grip	119,893
Traffic Congestion Relief	226,240
Council of Governments	163,530
Jail Juvenile Hall	30,610
Local Streets and Roads	3,342

The excess expenditures were covered by available fund balances in the funds.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13: DEFICIT FUND BALANCES

As of June 30, 2011, the following funds had a fund deficit:

Fund	Deficit
Traffic Congestion Relief	\$ 32,324
EECBG Grant	3,072
Jail Juvenile Hall	52,003

These deficits were a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues and expenditure reductions.

NOTE 14: RISK MANAGEMENT

The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pool described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California which exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the member's responsibility.

Risk Coverage

The City is a member of the Monterey Bay Area Self Insurance Authority (MBASIA). MBASIA provides coverage against risks under terms of joint-powers agreement with the City and several other cities and governmental agencies. MBASIA covers losses in excess of \$10,000 for members of the liability group and carries excess insurance for losses between \$1,000,000 and \$20,000,000. Members of the workers' compensation group pay temporary disability claims, while MBASIA pays for permanent disability claims, medical costs, rehabilitation costs, and legal costs and carries excess workers' compensation coverage for between \$500,000 and statutory.

Audited financial statements for MBASIA can be obtained from their management at 100 Pine Street, 11th Floor, San Francisco, CA 94111.

MBASIA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of MBASIA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with MBASIA are in accordance with formulas established by MBASIA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

NOTE 15: COMMITMENTS AND CONTINGENCIES

Litigation

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are adequately covered by insurance and not expected to result in a material adverse financial impact on the City.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15: COMMITMENTS AND CONTINGENCIES (continued)

Grant Awards

Under the terms of Federal and State grants, audits may be required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to requests for reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

NOTE 16: PRIOR PERIOD ADJUSTMENTS

Due to implementation of GASB 54, the City performed a review of their fund structure and determined that some funds should be combined based on the new fund type definitions. Accordingly, the balance sheet of the fund financial statements has been adjusted to reflect the following prior period adjustments:

<u>Fund</u>	<u>Description of Restatement</u>	<u>Amount</u>
General Fund	Consolidate Measure T fund	\$ 8,480
Airport Fund	Consolidate Airport Building 25 fund	1,746,228

In addition, the City determined that a reimbursable fee to a developer was owed based on an agreement made in a prior year.

<u>Fund</u>	<u>Description of Restatement</u>	<u>Amount</u>
Sewer Fund	Developer liability	\$ (934,478)

Government-wide Statement of Net Assets - In addition, the government-wide Statement of Net Assets for governmental activities has been adjusted to reflect the following restatements:

<u>Description of Restatement</u>	<u>Amount</u>
Fund prior period adjustments	\$ 1,746,228
Notes receivable reconciliation	<u>663,667</u>
Total Government Wide Net Assets Restatement	\$ <u>2,409,895</u>

NOTE 17: RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Hollister intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17: RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES
(continued)

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

On September 19, 2011, City Ordinance No. 1075 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$3.8 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$0.9 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X126 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOLLISTER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes	\$ 9,440,740	\$ 9,680,260	\$ 9,865,186	\$ 184,926
License and permits	1,010,618	1,010,618	1,074,141	63,523
Intergovernmental	462,473	646,367	478,306	(168,061)
Charges for services	946,017	946,017	937,367	(8,650)
Fines and forfeitures	151,100	151,100	132,095	(19,005)
Investment earnings	9,200	9,200	4,930	(4,270)
Other	<u>1,582,403</u>	<u>1,582,403</u>	<u>1,469,774</u>	<u>(112,629)</u>
Total Revenues	<u>13,602,551</u>	<u>14,025,965</u>	<u>13,961,799</u>	<u>(64,166)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Services & Supplies	72,985	91,288	66,267	25,021
Contractual	<u>270,780</u>	<u>270,780</u>	<u>215,486</u>	<u>55,294</u>
Total Non-Departmental	<u>343,765</u>	<u>362,068</u>	<u>281,753</u>	<u>80,315</u>
City Council				
Personnel	98,507	98,507	91,174	7,333
Services & Supplies	<u>90,274</u>	<u>90,274</u>	<u>66,748</u>	<u>23,526</u>
Total City Council	<u>188,781</u>	<u>188,781</u>	<u>157,922</u>	<u>30,859</u>
City Clerk				
Personnel	156,864	156,864	158,879	(2,015)
Services & Supplies	21,145	21,145	10,992	10,153
Contractual	<u>80,300</u>	<u>80,300</u>	<u>19,107</u>	<u>61,193</u>
Total City Clerk	<u>258,309</u>	<u>258,309</u>	<u>188,978</u>	<u>69,331</u>
City Manager				
Personnel	162,553	162,553	164,143	(1,590)
Services & Supplies	10,459	10,459	6,349	4,110
Contractual	<u>53,713</u>	<u>53,713</u>	<u>53,713</u>	<u>-</u>
Total City Manager	<u>226,725</u>	<u>226,725</u>	<u>224,205</u>	<u>2,520</u>
City Attorney				
Personnel	145,936	145,936	147,106	(1,170)
Services & Supplies	76,186	76,186	19,005	57,181
Contractual	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total City Attorney	<u>227,122</u>	<u>227,122</u>	<u>166,111</u>	<u>61,011</u>
City Treasurer				
Personnel	3,000	3,000	3,129	(129)
Services & Supplies	<u>150</u>	<u>150</u>	<u>-</u>	<u>150</u>
Total City Treasurer	<u>3,150</u>	<u>3,150</u>	<u>3,129</u>	<u>21</u>

CITY OF HOLLISTER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
General Government (continued)				
Finance				
Personnel	276,306	276,306	280,283	(3,977)
Services & Supplies	30,235	30,235	28,187	2,048
Contractual	40,630	40,630	30,704	9,926
Capital	500	500	959	(459)
Total Finance	347,671	347,671	340,133	7,538
Information Systems				
Personnel	91,207	91,207	65,710	25,497
Services & Supplies	27,478	26,280	24,731	1,549
Contractual	15,450	16,648	16,238	410
Capital	2,433	2,433	2,302	131
Total Information Systems	136,568	136,568	108,981	27,587
Human Resources				
Personnel	165,936	165,936	165,173	763
Services & Supplies	6,029	6,029	13,273	(7,244)
Contractual	7,000	11,000	14,423	(3,423)
Total Human Resources	178,965	182,965	192,869	(9,904)
Planning				
Personnel	291,502	291,502	252,920	38,582
Services & Supplies	26,868	26,868	17,528	9,340
Contractual	1,330	1,330	796	534
Capital	1,400	1,400	-	1,400
Total Planning	321,100	321,100	271,244	49,856
Total General Government	2,232,156	2,254,459	1,935,325	319,134
Public Safety				
Animal Control				
Personnel	329,538	329,538	383,796	(54,258)
Services & Supplies	95,570	95,570	86,861	8,709
Contractual	62,689	62,689	67,866	(5,177)
Total Animal Control	487,797	487,797	538,523	(50,726)
Fire				
Personnel	3,289,044	3,305,636	3,357,005	(51,369)
Services & Supplies	261,354	271,354	227,244	44,110
Contractual	307,184	307,184	306,750	434
Capital	1,200	1,200	-	1,200
Total Fire	3,858,782	3,885,374	3,890,999	(5,625)

CITY OF HOLLISTER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Safety (continued)				
Police				
Personnel	3,881,540	3,906,952	4,080,816	(173,864)
Services & Supplies	577,437	581,911	425,397	156,514
Contractual	526,878	538,138	546,433	(8,295)
Capital	38,288	27,028	21,028	6,000
Total Police	<u>5,024,143</u>	<u>5,054,029</u>	<u>5,073,674</u>	<u>(19,645)</u>
Total Public Safety	<u>9,370,722</u>	<u>9,427,200</u>	<u>9,503,196</u>	<u>(75,996)</u>
Public Works				
Solid Waste				
Personnel	3,553	3,553	7,109	(3,556)
Services & Supplies	-	-	102	(102)
Contractual	<u>245,427</u>	<u>245,427</u>	<u>226,305</u>	<u>19,122</u>
Total Solid Waste	<u>248,980</u>	<u>248,980</u>	<u>233,516</u>	<u>15,464</u>
Engineering				
Personnel	374,793	373,883	271,378	102,505
Services & Supplies	34,353	34,353	32,474	1,879
Contractual	<u>2,200</u>	<u>3,110</u>	<u>3,062</u>	<u>48</u>
Total Engineering	<u>411,346</u>	<u>411,346</u>	<u>306,914</u>	<u>104,432</u>
Building				
Personnel	1,212	1,212	1,605	(393)
Services & Supplies	4,550	4,550	4,798	(248)
Contractual	<u>232,644</u>	<u>232,644</u>	<u>235,673</u>	<u>(3,029)</u>
Total Building	<u>238,406</u>	<u>238,406</u>	<u>242,076</u>	<u>(3,670)</u>
Code Enforcement				
Personnel	16,150	16,150	27,982	(11,832)
Services & Supplies	<u>9,860</u>	<u>9,860</u>	<u>2,841</u>	<u>7,019</u>
Total Code Enforcement	<u>26,010</u>	<u>26,010</u>	<u>30,823</u>	<u>(4,813)</u>
Vehicle Maintenance				
Personnel	151,223	151,223	150,427	796
Services & Supplies	38,823	38,823	37,319	1,504
Contractual	<u>18,534</u>	<u>18,534</u>	<u>16,300</u>	<u>2,234</u>
Total Vehicle Maintenance	<u>208,580</u>	<u>208,580</u>	<u>204,046</u>	<u>4,534</u>
Street Maintenance				
Personnel	-	-	13,153	(13,153)
Supplies & Services	35,925	35,925	20,887	15,038
Contractual	26,480	26,480	26,180	300
Capital	<u>2,500</u>	<u>2,500</u>	<u>701</u>	<u>1,799</u>
Total Street Maintenance	<u>64,905</u>	<u>64,905</u>	<u>60,921</u>	<u>3,984</u>
Total Public Works	<u>1,198,227</u>	<u>1,198,227</u>	<u>1,078,296</u>	<u>119,931</u>

CITY OF HOLLISTER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Recreation				
Parks				
Personnel	258,355	272,355	257,054	15,301
Services & Supplies	155,263	150,133	145,582	4,551
Contractual	112,927	117,907	117,009	898
Capital	<u>2,500</u>	<u>152,014</u>	<u>150,742</u>	<u>1,272</u>
Total Parks	<u>529,045</u>	<u>692,409</u>	<u>670,387</u>	<u>22,022</u>
Veteran's Building				
Personnel	88,918	88,918	102,512	(13,594)
Services & Supplies	63,931	63,931	55,015	8,916
Contractual	<u>8,100</u>	<u>8,100</u>	<u>7,124</u>	<u>976</u>
Total Veteran's Building	<u>160,949</u>	<u>160,949</u>	<u>164,651</u>	<u>(3,702)</u>
Recreation				
Personnel	282,133	282,133	298,628	(16,495)
Services & Supplies	159,940	159,940	145,005	14,935
Contractual	24,200	24,200	23,155	1,045
Capital	<u>-</u>	<u>34,030</u>	<u>-</u>	<u>34,030</u>
Total Recreation	<u>466,273</u>	<u>500,303</u>	<u>466,788</u>	<u>33,515</u>
Total Recreation	<u>1,156,267</u>	<u>1,353,661</u>	<u>1,301,826</u>	<u>51,835</u>
 Total Expenditures	<u>13,957,372</u>	<u>14,233,547</u>	<u>13,818,643</u>	<u>414,904</u>
 Excess (deficiency) of revenues over expenditures	<u>(354,821)</u>	<u>(207,582)</u>	<u>143,156</u>	<u>350,738</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	92,300	588,300	313,175	(275,125)
Transfers out	<u>(11,297)</u>	<u>(11,297)</u>	<u>(20,365)</u>	<u>(9,068)</u>
 Total Other Financing Sources (Uses)	<u>81,003</u>	<u>577,003</u>	<u>292,810</u>	<u>(284,193)</u>
 Net change in fund balance	<u>\$ (273,818)</u>	<u>\$ 369,421</u>	<u>435,966</u>	<u>\$ 66,545</u>
 Fund balance - July 1, 2010			2,158,860	
Prior Period Adjustment			<u>8,480</u>	
 Fund balance - July 1, 2010, restated			<u>2,167,340</u>	
 Fund balance - June 30, 2011			<u>\$ 2,603,306</u>	

CITY OF HOLLISTER
REDEVELOPMENT AGENCY HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes	\$ 1,574,500	\$ 1,574,500	\$ 1,911,090	\$ 336,590
Investment earnings	90,000	90,000	34,898	(55,102)
Other	<u>-</u>	<u>-</u>	<u>629,858</u>	<u>629,858</u>
Total Revenues	<u>1,664,500</u>	<u>1,664,500</u>	<u>2,575,846</u>	<u>911,346</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	6,568	6,568	6,495	73
Other	<u>322,560</u>	<u>322,560</u>	<u>322,560</u>	<u>-</u>
Total Non-Departmental	<u>329,128</u>	<u>329,128</u>	<u>329,055</u>	<u>73</u>
Affordable Housing				
Personnel	225,852	225,852	246,643	(20,791)
Services & Supplies	90,245	1,979,061	125,605	1,853,456
Contractual	580,848	988,081	2,603,867	(1,615,786)
Capital	<u>3,050</u>	<u>4,268,054</u>	<u>2,228,311</u>	<u>2,039,743</u>
Total Affordable Housing	<u>899,995</u>	<u>7,461,048</u>	<u>5,204,426</u>	<u>2,256,622</u>
Rental Assistance				
Contractual	<u>-</u>	<u>-</u>	<u>38,130</u>	<u>(38,130)</u>
Code Enforcement				
Personnel	16,150	16,150	16,225	(75)
Services & Supplies	<u>14,450</u>	<u>14,450</u>	<u>2,825</u>	<u>11,625</u>
Total Code Enforcement	<u>30,600</u>	<u>30,600</u>	<u>19,050</u>	<u>11,550</u>
Total Expenditures	<u>1,243,573</u>	<u>7,804,626</u>	<u>5,590,661</u>	<u>2,230,190</u>
Excess (deficiency) of revenues over expenditures	<u>420,927</u>	<u>(6,140,126)</u>	<u>(3,014,815)</u>	<u>3,125,311</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ 420,927</u>	<u>\$ (6,140,126)</u>	<u>(3,064,815)</u>	<u>\$ 3,075,311</u>
Fund balance - July 1, 2010			<u>11,068,095</u>	
Fund balance - June 30, 2011			<u>\$ 8,003,280</u>	

CITY OF HOLLISTER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue, capital project, and debt service funds.

During the period December through February of each fiscal year, department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding fiscal year. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

**CITY OF HOLLISTER
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)

<u>Actuarial Valuation Date</u>	<u>Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Liability (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
2009	\$ 783,224	\$ -	\$ 783,224	0%	\$ 8,892,778	9 %

COMBINING FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION

CITY OF HOLLISTER
RDA - CAPITAL PROJECTS - MAJOR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 4,657,500	\$ 4,657,500	\$ 865,192	\$ (3,792,308)
Investment Earnings	41,400	41,400	13,520	(27,880)
Other	-	-	242	242
Total Revenues	<u>4,698,900</u>	<u>4,698,900</u>	<u>878,954</u>	<u>(3,819,946)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	492,768	1,415,268	1,452,122	(36,854)
Other	<u>322,560</u>	<u>322,560</u>	<u>322,560</u>	<u>-</u>
Total Non-Departmental	<u>815,328</u>	<u>1,737,828</u>	<u>1,774,682</u>	<u>(36,854)</u>
City Council				
Personnel	<u>7,200</u>	<u>7,200</u>	<u>7,199</u>	<u>1</u>
City Clerk				
Personnel	38,843	38,843	34,362	4,481
Services & Supplies	<u>418</u>	<u>418</u>	<u>492</u>	<u>(74)</u>
Total City Clerk	<u>39,261</u>	<u>39,261</u>	<u>34,854</u>	<u>4,407</u>
City Manager				
Personnel	36,665	36,665	42,117	(5,452)
Services & Supplies	606	606	603	3
Contractual	<u>3,744</u>	<u>3,744</u>	<u>-</u>	<u>3,744</u>
Total City Manager	<u>41,015</u>	<u>41,015</u>	<u>42,720</u>	<u>(1,705)</u>
RDA General				
Personnel	462,701	462,701	362,398	100,303
Services & Supplies	97,455	113,025	96,788	16,237
Contractual	240,000	240,000	187,405	52,595
Capital	<u>2,500</u>	<u>35,295</u>	<u>21,169</u>	<u>14,126</u>
Total RDA General	<u>802,656</u>	<u>851,021</u>	<u>667,760</u>	<u>183,261</u>
City Attorney				
Personnel	36,184	36,184	36,417	(233)
Services & Supplies	486	486	521	(35)
Contractual	<u>3,744</u>	<u>3,744</u>	<u>-</u>	<u>3,744</u>
Total City Attorney	<u>40,414</u>	<u>40,414</u>	<u>36,938</u>	<u>3,476</u>
Finance				
Personnel	77,754	77,754	77,684	70
Services & Supplies	2,543	2,543	2,464	79
Contractual	<u>-</u>	<u>-</u>	<u>4,403</u>	<u>(4,403)</u>
Total Finance	<u>80,297</u>	<u>80,297</u>	<u>84,551</u>	<u>(4,254)</u>
Information Systems				
Personnel	33,930	33,930	26,097	7,833
Services & Supplies	9,876	9,876	9,774	102
Total Information Systems	<u>43,806</u>	<u>43,806</u>	<u>35,871</u>	<u>7,935</u>
Total General Government	<u>1,869,977</u>	<u>2,840,842</u>	<u>2,684,575</u>	<u>156,267</u>

CITY OF HOLLISTER
RDA - CAPITAL PROJECTS - MAJOR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Works				
Fire Station #1				
Personnel	-	12,594	32,429	(19,835)
Services & Supplies	-	118,643	219,187	(100,544)
Contractual	-	-	373	(373)
Capital	-	4,831,253	958,094	3,873,159
Total Fire Station #1	-	4,962,490	1,210,083	3,752,407
Leatherback Demolition				
Services & Supplies	-	33,970	-	33,970
Capital	-	370,987	-	370,987
Total Leatherback Demolition	-	404,957	-	404,957
West Gateway				
Personnel	-	-	1,888	(1,888)
Services & Supplies	-	353,000	239,373	113,627
Total West Gateway	-	353,000	241,261	111,739
Engineering				
Personnel	34,262	21,668	26,515	(4,847)
Services & Supplies	386	386	294	92
Contractual	2,200	2,200	2,516	(316)
Capital	1,050	1,050	597	453
Total Engineering	37,898	25,304	29,922	(4,618)
Code Enforcement				
Personnel	-	-	6,050	(6,050)
Services & Supplies	-	-	87	(87)
Total Code Enforcement	-	-	6,137	(6,137)
Total Public Works	37,898	5,745,751	1,487,403	4,258,348
Recreation				
Parks				
Personnel	83,428	83,428	82,908	520
Services & Supplies	18,297	18,297	13,168	5,129
Total Parks	101,725	101,725	96,076	5,649
Total Expenditures	2,009,600	8,688,318	4,268,054	4,420,264
Excess (deficiency) of revenues over expenditures	2,689,300	(3,989,418)	(3,389,100)	600,318
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,092,602	1,092,602	1,548,080	455,478
Transfers out	-	-	(50,000)	(50,000)
Total other financing sources (uses)	1,092,602	1,092,602	1,498,080	405,478
Net change in fund balance	\$ 3,781,902	\$ (2,896,816)	(1,891,020)	\$ 1,005,796
Fund balance - July 1, 2010			14,050,836	
Fund balance - June 30, 2011			\$ 12,159,816	

CITY OF HOLLISTER
RDA - DEBT SERVICE - MAJOR DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes	\$ 4,405,273	\$ 4,405,273	\$ 4,405,272	\$ (1)
Investment Earnings	<u>90,000</u>	<u>90,000</u>	<u>102,056</u>	<u>12,056</u>
Total Revenues	<u>4,495,273</u>	<u>4,495,273</u>	<u>4,507,328</u>	<u>12,055</u>
<u>EXPENDITURES</u>				
<u>Debt service</u>				
Principal	990,000	990,000	990,000	-
Interest	<u>2,412,671</u>	<u>2,412,671</u>	<u>2,408,845</u>	<u>3,826</u>
Total Debt Service	<u>3,402,671</u>	<u>3,402,671</u>	<u>3,398,845</u>	<u>3,826</u>
Total Expenditures	<u>3,402,671</u>	<u>3,402,671</u>	<u>3,398,845</u>	<u>3,826</u>
Excess (deficiency) of revenues over expenditures	<u>1,092,602</u>	<u>1,092,602</u>	<u>1,108,483</u>	<u>15,881</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(1,092,602)</u>	<u>(1,092,602)</u>	<u>(1,548,080)</u>	<u>(455,478)</u>
Total other financing sources (uses)	<u>(1,092,602)</u>	<u>(1,092,602)</u>	<u>(1,548,080)</u>	<u>(455,478)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>(439,597)</u>	\$ <u>(439,597)</u>
Fund balance - July 1, 2010			<u>4,019,249</u>	
Fund balance - June 30, 2011			<u>\$ 3,579,652</u>	

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total in the Governmental Fund Financial Statements under the column "Other Governmental Funds."

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. Such funds are authorized by statutory provisions to pay for certain activities of a continuing nature. The nonmajor special revenue funds are listed below:

CDBG Low Income Housing Rehab - This fund accounts for accounts for revenues and expenditures relating to community development block grant.

Gas Tax - This fund provides for planning, design, construction, maintenance, and administration of City transportation activities. Revenues consist primarily of the City's share of state highway user.

Traffic Safety - This fund was established to account for the revenue allocation to the City under Streets and Highways Code Section 2182 and Revenue and Taxation Code Section 7104. Funds must be expended for maintenance or reconstruction of public streets and roads.

Park Dedication - This fund was established to provide financing for parks.

San Benito Loan Program - This fund accounts for the financial resources provide by the federal government for rehabilitation loans and grants programs.

Federal Aviation Admin Grant - This fund was established to account for the receipt and disbursement of the federal aviation funding provided by Federal funding.

Hollister Air Show - This fund was established to manage and track all expenditures and corresponding revenues received from the Hollister Air Show.

CHRPO - This fund was established to account for the receipt and disbursement of the CHRPO funding.

Transportation Development Act - This fund was established to account for the activities of the Transportation Development Act funding from the State of California.

Spay/Neuter Education - This fund was established to account for the receipt and disbursement of the City's spay and neuter grant and donation funds.

Mello Roos CFD-001 - This fund was established to account for the receipt and disbursement of the CFD-1 funding.

Youth Center - This fund was established to account for the receipt and disbursement of the Youth Center funding.

Oil Recycling Grants - This fund was established to account for the receipt and disbursement of the recycling of oil.

Police Special Law Enforcement Safety - This fund was established to account for the receipt and disbursement of the state funding provided by Police Special Law Enforcement Safety grant.

Office of Traffic Safety - This fund was established to account for the receipt and disbursement of the City's traffic safety funding provided by State funding.

Animal Welfare - This fund was established to account for the receipt and disbursement of the local funding provided by animal welfare grant.

JAG Grant Equipment - This fund was established to account for the JAG Program, administered by the Bureau of Justice Assistance (BJA), to support designated program areas directly related to law enforcement.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

JAG Grant Recovery Act - This fund was established to account for the JAG ARRA Program, administered by the Bureau of Justice Assistance (BJA), to support designated program areas directly related to law enforcement.

CAL Grip - This fund was established to account for activities of the Cal Grip program which used the funds for gang prevention.

Traffic Congestion Relief - This fund was established to account for the receipt and disbursement of the State funding.

Signal Improvement Fee on Flynn - This fund was established to account for the fees collected for the Flynn Road Signal Improvement.

Council of Governments - This fund was established to account for the receipt and disbursement of the local funding received from the Council of Governments.

AFG Grant - This fund was established to account for activities of the AFG program which uses funds for fire equipment.

EECBG Grant - This fund was established to account for activities of the EEBCG program which uses funds for economic development.

Home Program Revolving Loans - This fund was established to account for the receipt and disbursement of the City's Federal HOME grant funds.

CAPITAL PROJECT FUNDS

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition of land or acquisition or construction of capital facilities and other capital assets. The nonmajor capital project funds are listed below:

Fire Impact Fees - This fund was established as depositories for fire development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of fire facilities as a result of City growth.

Police Impact Fees - This fund was established as depositories for police development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of police facilities as a result of City growth.

Storm Drain Fees - This fund was established as depositories for storm drain development fees. The fees are levied against development in the City in order to pay for the construction or improvement of storm drains.

Storm Drain Impact Fees - This fund was established as depositories for storm drain development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of storm drains as a result of City growth.

Traffic Impact Fees - This fund was established as depositories for traffic development impact fees. The fees are levied against all new development in the City in order to pay for traffic construction or improvements as a result of City growth.

AB 1600 Santa Ana Storm Drain - This fund was established as depositories for Santa Ana storm drain development impact fees. The fees are levied against all new development in the Santa Ana Road area in order to pay for the construction or improvement of storm drains as a result of City growth.

Jail Juvenile Hall - This fund was established as depositories for Juvenile Hall development impact fees. The fees are levied against all new development in the City in order to pay for Juvenile Hall construction or improvements as a result of City growth.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS (continued)

Local Street & Road Improvement - This fund was established to account for the revenues and expenditures related to State and Local Road funding.

ARRA - This fund was established to account for funding from the Economic Stimulus Package. The City's receipt of funding under this program has been designated for rehabilitation of major Collector Roadways within the City of Hollister.

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	<u>CDBG Low Income Housing Rehab</u>	<u>Gas Tax</u>	<u>Traffic Safety</u>	<u>Park Dedication</u>	<u>San Benito Loan Program</u>
<u>ASSETS</u>					
Cash and investments	\$ 637,607	\$ 603,556	\$ -	\$ 559,817	\$ 749,300
Accounts receivable	-	111,274	-	-	-
Interest receivable	592	335	-	514	696
Notes receivable	400,634	-	-	-	51,835
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 1,038,833</u>	<u>\$ 715,165</u>	<u>\$ -</u>	<u>\$ 560,331</u>	<u>\$ 801,831</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ 31,105	\$ -	\$ -	\$ -
Accrued liabilities	-	7,107	-	78	-
Deposits	-	-	-	-	-
Deferred revenue	400,634	-	-	-	51,835
Due to other funds	-	-	-	-	-
Total Liabilities	<u>400,634</u>	<u>38,212</u>	<u>-</u>	<u>78</u>	<u>51,835</u>
FUND BALANCES (DEFICITS):					
Restricted	638,199	676,953	-	560,253	749,996
Unassigned	-	-	-	-	-
Total Fund Balance (Deficits)	<u>638,199</u>	<u>676,953</u>	<u>-</u>	<u>560,253</u>	<u>749,996</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,038,833</u>	<u>\$ 715,165</u>	<u>\$ -</u>	<u>\$ 560,331</u>	<u>\$ 801,831</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Federal Aviation Admin Grant	Hollister Air Show	CHRPO	Transportation Development Act	Spay/ Neuter Education
<u>ASSETS</u>					
Cash and investments	\$ 5,681	\$ 25,625	\$ 82,720	\$ 936,047	\$ 12,813
Accounts receivable	-	-	-	-	-
Interest receivable	-	24	77	936	12
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 5,681</u>	<u>\$ 25,649</u>	<u>\$ 82,797</u>	<u>\$ 936,983</u>	<u>\$ 12,825</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ 4,392	\$ -	\$ -	\$ 315
Accrued liabilities	103	58	-	2,188	-
Deposits	-	-	-	-	1,034
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>103</u>	<u>4,450</u>	<u>-</u>	<u>2,188</u>	<u>1,349</u>
FUND BALANCES (DEFICITS):					
Restricted	5,578	21,199	82,797	934,795	11,476
Unassigned	-	-	-	-	-
Total Fund Balance (Deficits)	<u>5,578</u>	<u>21,199</u>	<u>82,797</u>	<u>934,795</u>	<u>11,476</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 5,681</u>	<u>\$ 25,649</u>	<u>\$ 82,797</u>	<u>\$ 936,983</u>	<u>\$ 12,825</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Mello Roos CFD-001	Youth Center	Oil Recycling	Police Special Law Enforcement Safety	Office of Traffic Safety
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 21,998	\$ -	\$ 34,105	\$ -
Accounts receivable	30,606	-	-	11,316	12,680
Interest receivable	-	20	-	32	-
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 30,606</u>	<u>\$ 22,018</u>	<u>\$ -</u>	<u>\$ 45,453</u>	<u>\$ 12,680</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ 567	\$ -
Accrued liabilities	25,769	-	-	-	-
Deposits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	<u>4,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,281</u>
Total Liabilities	<u>30,606</u>	<u>-</u>	<u>-</u>	<u>567</u>	<u>9,281</u>
FUND BALANCES (DEFICITS):					
Restricted	-	22,018	-	44,886	3,399
Unassigned	-	-	-	-	-
Total Fund Balance (Deficits)	<u>-</u>	<u>22,018</u>	<u>-</u>	<u>44,886</u>	<u>3,399</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 30,606</u>	<u>\$ 22,018</u>	<u>\$ -</u>	<u>\$ 45,453</u>	<u>\$ 12,680</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	<u>Animal Welfare</u>	<u>JAG Grant Equipment</u>	<u>JAG Grant Recovery Act</u>	<u>CAL Grip</u>	<u>Traffic Congestion Relief</u>
<u>ASSETS</u>					
Cash and investments	\$ 22,282	\$ 18,179	\$ 9,039	\$ -	\$ -
Accounts receivable	-	-	-	35,840	-
Interest receivable	21	17	8	36	189
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 22,303</u>	<u>\$ 18,196</u>	<u>\$ 9,047</u>	<u>\$ 35,876</u>	<u>\$ 189</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 2,800	\$ -	\$ -	\$ 12,366	\$ -
Accrued liabilities	-	-	-	-	136
Deposits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	2,823	32,377
Total Liabilities	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>15,189</u>	<u>32,513</u>
FUND BALANCES (DEFICITS):					
Restricted	19,503	18,196	9,047	20,687	-
Unassigned	-	-	-	-	(32,324)
Total Fund Balance (Deficits)	<u>19,503</u>	<u>18,196</u>	<u>9,047</u>	<u>20,687</u>	<u>(32,324)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 22,303</u>	<u>\$ 18,196</u>	<u>\$ 9,047</u>	<u>\$ 35,876</u>	<u>\$ 189</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Signal Improvement Fee on Flynn	Council of Governments	AFG Grant	EECBG Grant	Home Program Revolving Loans
<u>ASSETS</u>					
Cash and investments	\$ 13,284	\$ -	\$ -	\$ -	\$ 652,962
Accounts receivable	-	-	-	-	-
Interest receivable	12	-	-	-	145
Notes receivable	-	-	-	-	1,215,958
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 13,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,869,065</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	229	-
Deposits	-	-	-	-	-
Deferred revenue	-	-	-	-	1,215,958
Due to other funds	-	-	-	2,843	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,072</u>	<u>1,215,958</u>
FUND BALANCES (DEFICITS):					
Restricted	13,296	-	-	-	653,107
Unassigned	-	-	-	(3,072)	-
Total Fund Balance (Deficits)	<u>13,296</u>	<u>-</u>	<u>-</u>	<u>(3,072)</u>	<u>653,107</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 13,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,869,065</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2011

	CAPITAL PROJECT FUNDS				
	Fire Impact Fees	Police Impact Fees	Storm Drain Fees	Storm Drain Impact Fees	Traffic Impact Fees
<u>ASSETS</u>					
Cash and investments	\$ 116,474	\$ 97,916	\$ 95,596	\$ 3,819,122	\$ 5,681,468
Accounts receivable	-	-	-	-	-
Interest receivable	108	91	89	3,547	5,320
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 116,582</u>	<u>\$ 98,007</u>	<u>\$ 95,685</u>	<u>\$ 3,822,669</u>	<u>\$ 5,686,788</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,007	\$ -
Accrued liabilities	-	-	-	12,850	527
Deposits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,857</u>	<u>527</u>
FUND BALANCES (DEFICITS):					
Restricted	116,582	98,007	95,685	3,808,812	5,686,261
Unassigned	-	-	-	-	-
Total Fund Balance (Deficits)	<u>116,582</u>	<u>98,007</u>	<u>95,685</u>	<u>3,808,812</u>	<u>5,686,261</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 116,582</u>	<u>\$ 98,007</u>	<u>\$ 95,685</u>	<u>\$ 3,822,669</u>	<u>\$ 5,686,788</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2011

	CAPITAL PROJECT FUNDS				
	AB 1600 Santa Ana Storm Drain	Jail Juvenile Hall	Local Street & Road Improvement	ARRA	Total Non-Major Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 1,739,230	\$ -	\$ 513,616	\$ -	\$ 16,448,437
Accounts receivable	-	-	-	50,000	251,716
Interest receivable	1,570	-	477	-	14,868
Notes receivable	-	-	-	-	1,668,427
Due from other funds	<u>210,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,973</u>
Total Assets	<u>\$ 1,951,773</u>	<u>\$ -</u>	<u>\$ 514,093</u>	<u>\$ 50,000</u>	<u>\$ 18,594,421</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 52,552
Accrued liabilities	-	-	57	318	49,420
Deposits	-	-	-	-	1,034
Deferred revenue	-	-	-	-	1,668,427
Due to other funds	<u>-</u>	<u>52,003</u>	<u>-</u>	<u>49,638</u>	<u>153,802</u>
Total Liabilities	<u>-</u>	<u>52,003</u>	<u>57</u>	<u>49,956</u>	<u>1,925,235</u>
FUND BALANCES (DEFICITS):					
Restricted	1,951,773	-	514,036	44	16,756,585
Unassigned	<u>-</u>	<u>(52,003)</u>	<u>-</u>	<u>-</u>	<u>(87,399)</u>
Total Fund Balance (Deficits)	<u>1,951,773</u>	<u>(52,003)</u>	<u>514,036</u>	<u>44</u>	<u>16,669,186</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,951,773</u>	<u>\$ -</u>	<u>\$ 514,093</u>	<u>\$ 50,000</u>	<u>\$ 18,594,421</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	CDBG Low Income Housing Rehab	Gas Tax	Traffic Safety	Park Dedication	San Benito Loan Program
REVENUES					
Taxes	\$ -	\$ 914,866	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for service	-	-	-	321,401	-
Investment earnings	2,862	917	2	1,300	4,591
Other	-	4,129	-	-	25,588
Total Revenues	<u>2,862</u>	<u>919,912</u>	<u>2</u>	<u>322,701</u>	<u>30,179</u>
EXPENDITURES					
Current:					
General government	758	226	-	319	773
Public safety	-	-	-	-	-
Public works	-	462,843	390	2,965	-
Recreation	-	29,446	-	4,086	-
Capital Outlay	-	-	-	6,835	-
Total Expenditures	<u>758</u>	<u>492,515</u>	<u>390</u>	<u>14,205</u>	<u>773</u>
Excess (deficiency) of revenues over expenditures	<u>2,104</u>	<u>427,397</u>	<u>(388)</u>	<u>308,496</u>	<u>29,406</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(85,491)	-	(485)	-	-
Total Other Financing Sources (uses)	<u>(85,491)</u>	<u>-</u>	<u>(485)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(83,387)</u>	<u>427,397</u>	<u>(873)</u>	<u>308,496</u>	<u>29,406</u>
Fund balances (deficits) - July 1, 2010	<u>721,586</u>	<u>249,556</u>	<u>873</u>	<u>251,757</u>	<u>720,590</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 638,199</u>	<u>\$ 676,953</u>	<u>\$ -</u>	<u>\$ 560,253</u>	<u>\$ 749,996</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Federal Aviation Admin Grant	Hollister Air Show	CHRPO	Transportation Development Act	Spay/ Neuter Education
<u>REVENUES</u>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for service	-	34,975	-	-	8,295
Investment earnings	67	74	337	4,875	50
Other	-	2,508	-	-	-
Total Revenues	<u>67</u>	<u>37,557</u>	<u>337</u>	<u>4,875</u>	<u>8,345</u>
<u>EXPENDITURES</u>					
Current:					
General government	16	21	87	1,266	13
Public safety	-	-	-	-	9,391
Public works	87,196	41,723	-	153,367	-
Recreation	-	-	-	-	-
Capital Outlay	-	-	-	193,729	-
Total Expenditures	<u>87,212</u>	<u>41,744</u>	<u>87</u>	<u>348,362</u>	<u>9,404</u>
Excess (deficiency) of revenues over expenditures	<u>(87,145)</u>	<u>(4,187)</u>	<u>250</u>	<u>(343,487)</u>	<u>(1,059)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	81,693	5,000	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (uses)	<u>81,693</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(5,452)</u>	<u>813</u>	<u>250</u>	<u>(343,487)</u>	<u>(1,059)</u>
Fund balances (deficits) - July 1, 2010	<u>11,030</u>	<u>20,386</u>	<u>82,547</u>	<u>1,278,282</u>	<u>12,535</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 5,578</u>	<u>\$ 21,199</u>	<u>\$ 82,797</u>	<u>\$ 934,795</u>	<u>\$ 11,476</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Mello Roos CFD-001	Youth Center	Oil Recycling	Police Special Law Enforcement Safety	Office of Traffic Safety
REVENUES					
Taxes	\$ 809,868	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	100,000	43,753
Charges for service	-	-	-	-	-
Investment earnings	16	89	56	652	-
Other	-	-	-	-	-
Total Revenues	<u>809,884</u>	<u>89</u>	<u>56</u>	<u>100,652</u>	<u>43,753</u>
EXPENDITURES					
Current:					
General government	44,836	23	15	159	6
Public safety	760,275	-	-	-	49,909
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Capital Outlay	-	-	-	279,942	1,988
Total Expenditures	<u>805,111</u>	<u>23</u>	<u>15</u>	<u>280,101</u>	<u>51,903</u>
Excess (deficiency) of revenues over expenditures	<u>4,773</u>	<u>66</u>	<u>41</u>	<u>(179,449)</u>	<u>(8,150)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(26,477)	-	(7,654)
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>(26,477)</u>	<u>-</u>	<u>(7,654)</u>
Net change in fund balances	<u>4,773</u>	<u>66</u>	<u>(26,436)</u>	<u>(179,449)</u>	<u>(15,804)</u>
Fund balances (deficits) - July 1, 2010	<u>(4,773)</u>	<u>21,952</u>	<u>26,436</u>	<u>224,335</u>	<u>19,203</u>
Fund balances (deficits) - June 30, 2011	<u>\$ -</u>	<u>\$ 22,018</u>	<u>\$ -</u>	<u>\$ 44,886</u>	<u>\$ 3,399</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	<u>Animal Welfare</u>	<u>JAG Grant Equipment</u>	<u>JAG Grant Recovery Act</u>	<u>CAL Grip</u>	<u>Traffic Congestion Relief</u>
<u>REVENUES</u>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	252,930	-
Charges for service	-	-	-	-	-
Investment earnings	116	63	220	190	886
Other	<u>3,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>4,103</u>	<u>63</u>	<u>220</u>	<u>253,120</u>	<u>886</u>
<u>EXPENDITURES</u>					
Current:					
General government	31	15	55	46	233
Public safety	15,036	30	-	232,387	-
Public works	-	-	-	-	250,610
Recreation	-	-	-	-	-
Capital Outlay	<u>-</u>	<u>11,880</u>	<u>84,191</u>	<u>-</u>	<u>39,001</u>
Total Expenditures	<u>15,067</u>	<u>11,925</u>	<u>84,246</u>	<u>232,433</u>	<u>289,844</u>
Excess (deficiency) of revenues over expenditures	<u>(10,964)</u>	<u>(11,862)</u>	<u>(84,026)</u>	<u>20,687</u>	<u>(288,958)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	11,700	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (uses)	<u>-</u>	<u>11,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(10,964)</u>	<u>(162)</u>	<u>(84,026)</u>	<u>20,687</u>	<u>(288,958)</u>
Fund balances (deficits) - July 1, 2010	<u>30,467</u>	<u>18,358</u>	<u>93,073</u>	<u>-</u>	<u>256,634</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 19,503</u>	<u>\$ 18,196</u>	<u>\$ 9,047</u>	<u>\$ 20,687</u>	<u>\$ (32,324)</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Signal Improvement Fee on Flynn	Council of Governments	AFG Grant	EECBG Grant	Home Program Revolving Loans
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	87,151	-	-
Charges for service	-	-	-	-	-
Investment earnings	54	513	-	-	10,615
Other	-	-	-	-	6,213
Total Revenues	<u>54</u>	<u>513</u>	<u>87,151</u>	<u>-</u>	<u>16,828</u>
EXPENDITURES					
Current:					
General government	14	171	-	-	-
Public safety	-	-	95,816	-	-
Public works	-	-	-	3,072	-
Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>14</u>	<u>171</u>	<u>95,816</u>	<u>3,072</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>40</u>	<u>342</u>	<u>(8,665)</u>	<u>(3,072)</u>	<u>16,828</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	8,665	-	-
Transfers out	-	(163,559)	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>(163,559)</u>	<u>8,665</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>40</u>	<u>(163,217)</u>	<u>-</u>	<u>(3,072)</u>	<u>16,828</u>
Fund balances (deficits) - July 1, 2010	<u>13,256</u>	<u>163,217</u>	<u>-</u>	<u>-</u>	<u>636,279</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 13,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,072)</u>	<u>\$ 653,107</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	CAPITAL PROJECT FUNDS				
	Fire Impact Fees	Police Impact Fees	Storm Drain Fees	Storm Drain Impact Fees	Traffic Impact Fees
<u>REVENUES</u>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	48,562	-	-	-	1,000,626
Intergovernmental	-	-	-	-	-
Charges for service	-	36,738	2,740	246,160	-
Investment earnings	371	319	380	15,929	22,045
Other	-	-	-	-	-
Total Revenues	<u>48,933</u>	<u>37,057</u>	<u>3,120</u>	<u>262,089</u>	<u>1,022,671</u>
<u>EXPENDITURES</u>					
Current:					
General government	112	79	98	4,101	5,703
Public safety	-	-	-	-	-
Public works	-	-	-	139,878	39,731
Recreation	-	-	-	-	-
Capital Outlay	-	-	-	390,425	5,028
Total Expenditures	<u>112</u>	<u>79</u>	<u>98</u>	<u>534,404</u>	<u>50,462</u>
Excess (deficiency) of revenues over expenditures	<u>48,821</u>	<u>36,978</u>	<u>3,022</u>	<u>(272,315)</u>	<u>972,209</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>48,821</u>	<u>36,978</u>	<u>3,022</u>	<u>(272,315)</u>	<u>972,209</u>
Fund balances (deficits) - July 1, 2010	<u>67,761</u>	<u>61,029</u>	<u>92,663</u>	<u>4,081,127</u>	<u>4,714,052</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 116,582</u>	<u>\$ 98,007</u>	<u>\$ 95,685</u>	<u>\$ 3,808,812</u>	<u>\$ 5,686,261</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2011

	CAPITAL PROJECT FUNDS				
	AB 1600 Santa Ana Storm Drain	Jail Juvenile Hall	Local Street & Road Improvement	ARRA	Total Non-major Governmental Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,724,734
Licenses and permits	-	32,663	-	-	1,081,851
Intergovernmental	-	-	-	1,226,092	1,709,926
Charges for service	-	-	-	-	650,309
Investment earnings	6,877	20	2,171	-	76,657
Other	-	-	-	-	42,425
Total Revenues	<u>6,877</u>	<u>32,683</u>	<u>2,171</u>	<u>1,226,092</u>	<u>5,285,902</u>
EXPENDITURES					
Current:					
General government	1,772	41,110	557	-	102,615
Public safety	-	-	-	-	1,162,844
Public works	-	-	68,280	10,000	1,260,055
Recreation	-	-	-	-	33,532
Capital Outlay	-	-	-	1,176,658	2,189,677
Total Expenditures	<u>1,772</u>	<u>41,110</u>	<u>68,837</u>	<u>1,186,658</u>	<u>4,748,723</u>
Excess (deficiency) of revenues over expenditures	<u>5,105</u>	<u>(8,427)</u>	<u>(66,666)</u>	<u>39,434</u>	<u>537,179</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	107,058
Transfers out	-	-	-	-	(283,666)
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,608)</u>
Net change in fund balances	<u>5,105</u>	<u>(8,427)</u>	<u>(66,666)</u>	<u>39,434</u>	<u>360,571</u>
Fund balances (deficits) - July 1, 2010	<u>1,946,668</u>	<u>(43,576)</u>	<u>580,702</u>	<u>(39,390)</u>	<u>16,308,615</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 1,951,773</u>	<u>\$ (52,003)</u>	<u>\$ 514,036</u>	<u>\$ 44</u>	<u>\$ 16,669,186</u>

CITY OF HOLLISTER
CDBG LOW INCOME HOUSING REHAB - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ <u>3,300</u>	\$ <u>3,300</u>	\$ <u>2,862</u>	\$ <u>(438)</u>
Total Revenues	<u>3,300</u>	<u>3,300</u>	<u>2,862</u>	<u>(438)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>1,500</u>	<u>1,500</u>	<u>758</u>	<u>742</u>
Total Expenditures	<u>1,500</u>	<u>1,500</u>	<u>758</u>	<u>742</u>
Excess (deficiency) of revenues over expenditures	<u>1,800</u>	<u>1,800</u>	<u>2,104</u>	<u>304</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(92,300)</u>	<u>(92,300)</u>	<u>(85,491)</u>	<u>6,809</u>
Total other financing sources (uses)	<u>(92,300)</u>	<u>(92,300)</u>	<u>(85,491)</u>	<u>6,809</u>
Net change in fund balance	\$ <u>(90,500)</u>	\$ <u>(90,500)</u>	<u>(83,387)</u>	\$ <u>7,113</u>
Fund balance - July 1, 2010			<u>721,586</u>	
Fund balance - June 30, 2011			\$ <u>638,199</u>	

CITY OF HOLLISTER
GAS TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes	\$ 954,382	\$ 1,327,706	\$ 914,866	\$ (412,840)
Investment earnings	600	600	917	317
Other	-	-	4,129	4,129
Total Revenues	<u>954,982</u>	<u>1,328,306</u>	<u>919,912</u>	<u>(408,394)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	200	226	(26)
Total Non-Departmental	<u>-</u>	<u>200</u>	<u>226</u>	<u>(26)</u>
Public Works				
Street Maintenance				
Personnel	344,287	344,287	330,915	13,372
Services & Supplies	383,878	383,878	96,790	287,088
Contractual	109,000	109,000	35,098	73,902
Capital	-	100	40	60
Total Street Maintenance	<u>837,165</u>	<u>837,265</u>	<u>462,843</u>	<u>374,422</u>
Recreation				
Parks				
Personnel	-	-	29,030	(29,030)
Services & Supplies	-	-	416	(416)
Total Parks	<u>-</u>	<u>-</u>	<u>29,446</u>	<u>(29,446)</u>
Total Expenditures	<u>837,165</u>	<u>837,465</u>	<u>492,515</u>	<u>344,950</u>
Net change in fund balance	\$ <u>117,817</u>	\$ <u>490,841</u>	<u>427,397</u>	\$ <u>(63,444)</u>
Fund balance - July 1, 2010			<u>249,556</u>	
Fund balance - June 30, 2011			\$ <u>676,953</u>	

CITY OF HOLLISTER
TRAFFIC SAFETY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 2	\$ 2
Total Revenues	-	-	2	2
<u>EXPENDITURES</u>				
Public Works				
Engineering				
Personnel	-	721	385	336
Services & Supplies	-	-	5	(5)
Total Engineering	-	721	390	331
Total Expenditures	-	721	390	331
Excess (deficiency) of revenues over expenditures	-	(721)	(388)	333
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(485)	(485)
Total other financing sources (uses)	-	-	(485)	(485)
Net change in fund balance	\$ -	\$ (721)	(873)	\$ (152)
Fund balance - July 1, 2010			873	
Fund balance - June 30, 2011			\$ -	

CITY OF HOLLISTER
PARK DEDICATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Charges for services	\$ -	\$ -	\$ 321,401	\$ 321,401
Investment earnings	<u>900</u>	<u>900</u>	<u>1,300</u>	<u>400</u>
Total Revenues	<u>900</u>	<u>900</u>	<u>322,701</u>	<u>321,801</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>250</u>	<u>319</u>	<u>(69)</u>
Public Works				
Engineering				
Personnel	13,460	13,460	2,923	10,537
Services & Supplies	<u>540</u>	<u>540</u>	<u>42</u>	<u>498</u>
Total Engineering	<u>14,000</u>	<u>14,000</u>	<u>2,965</u>	<u>11,035</u>
Recreation				
Parks				
Services & Supplies	-	30,000	4,086	25,914
Capital	<u>-</u>	<u>-</u>	<u>6,835</u>	<u>(6,835)</u>
Total Parks	<u>-</u>	<u>30,000</u>	<u>10,921</u>	<u>19,079</u>
Total Expenditures	<u>14,000</u>	<u>44,250</u>	<u>14,205</u>	<u>30,045</u>
Net change in fund balance	\$ <u>(13,100)</u>	\$ <u>(43,350)</u>	<u>308,496</u>	\$ <u>351,846</u>
Fund balance - July 1, 2010			<u>251,757</u>	
Fund balance - June 30, 2011			\$ <u>560,253</u>	

CITY OF HOLLISTER
SAN BENITO LOAN PROGRAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ 4,100	\$ 4,100	\$ 4,591	\$ 491
Other	<u>-</u>	<u>-</u>	<u>25,588</u>	<u>25,588</u>
Total Revenues	<u>4,100</u>	<u>4,100</u>	<u>30,179</u>	<u>26,079</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	773	(773)
Other	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Non-Departmental	<u>1,500</u>	<u>1,500</u>	<u>773</u>	<u>727</u>
Total Expenditures	<u>1,500</u>	<u>1,500</u>	<u>773</u>	<u>727</u>
Net change in fund balance	\$ <u>2,600</u>	\$ <u>2,600</u>	<u>29,406</u>	\$ <u>26,806</u>
Fund balance - July 1, 2010			<u>720,590</u>	
Fund balance - June 30, 2011			\$ <u>749,996</u>	

CITY OF HOLLISTER
FEDERAL AVIATION ADMIN GRANT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Intergovernmental	\$ 120,000	\$ 147,300	\$ -	\$ (147,300)
Investment earnings	<u>100</u>	<u>100</u>	<u>67</u>	<u>(33)</u>
Total Revenues	<u>120,100</u>	<u>147,400</u>	<u>67</u>	<u>(147,333)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>16</u>	<u>(16)</u>
Public Works				
Airport Runway				
Personnel	-	-	164	(164)
Services & Supplies	<u>-</u>	<u>-</u>	<u>51</u>	<u>(51)</u>
Total Airport Runway	<u>-</u>	<u>-</u>	<u>215</u>	<u>(215)</u>
Airport Visual Aid				
Personnel	-	-	859	(859)
Capital	<u>-</u>	<u>-</u>	<u>12</u>	<u>(12)</u>
Total Airport Visual Aid	<u>-</u>	<u>-</u>	<u>871</u>	<u>(871)</u>
Airport Storm Drain				
Capital	<u>-</u>	<u>88,668</u>	<u>80,443</u>	<u>8,225</u>
Airport Pavement				
Personnel	-	-	2,169	(2,169)
Services & Supplies	<u>-</u>	<u>28,340</u>	<u>1,040</u>	<u>27,300</u>
Total Airport Pavement	<u>-</u>	<u>28,340</u>	<u>3,209</u>	<u>25,131</u>
Engineering				
Personnel	9,569	4,569	2,423	2,146
Services & Supplies	<u>54</u>	<u>54</u>	<u>35</u>	<u>19</u>
Total Engineering	<u>9,623</u>	<u>4,623</u>	<u>2,458</u>	<u>2,165</u>
Total Public Works	<u>9,623</u>	<u>121,631</u>	<u>87,196</u>	<u>34,435</u>
Total Expenditures	<u>9,623</u>	<u>121,631</u>	<u>87,212</u>	<u>34,419</u>
Excess (deficiency) of revenues over expenditures	<u>110,477</u>	<u>25,769</u>	<u>(87,145)</u>	<u>(112,914)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>-</u>	<u>1,500</u>	<u>81,693</u>	<u>80,193</u>
Total other financing sources (uses)	<u>-</u>	<u>1,500</u>	<u>81,693</u>	<u>80,193</u>
Net change in fund balance	<u>\$ 110,477</u>	<u>\$ 27,269</u>	<u>(5,452)</u>	<u>\$ (32,721)</u>
Fund balance - July 1, 2010			<u>11,030</u>	
Fund balance - June 30, 2011			<u>\$ 5,578</u>	

CITY OF HOLLISTER
HOLLISTER AIR SHOW - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Charges for services	\$ 28,000	\$ 28,000	\$ 34,975	\$ 6,975
Investment earnings	-	-	74	74
Other	<u>2,000</u>	<u>2,000</u>	<u>2,508</u>	<u>508</u>
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>37,557</u>	<u>7,557</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>21</u>	<u>(21)</u>
Public Works				
Airport				
Personnel	-	-	3,410	(3,410)
Supplies & Services	<u>30,000</u>	<u>39,911</u>	<u>38,313</u>	<u>1,598</u>
Total Airport	<u>30,000</u>	<u>39,911</u>	<u>41,723</u>	<u>(1,812)</u>
Total Expenditures	<u>30,000</u>	<u>39,911</u>	<u>41,744</u>	<u>(1,833)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(9,911)</u>	<u>(4,187)</u>	<u>5,724</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(4,911)</u>	<u>813</u>	\$ <u>5,724</u>
Fund balance - July 1, 2010			<u>20,386</u>	
Fund balance - June 30, 2011			\$ <u>21,199</u>	

CITY OF HOLLISTER
CHRPO - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 337	\$ 337
Total Revenues	-	-	337	337
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	100	87	13
Total Expenditures	-	100	87	13
Net change in fund balance	\$ -	\$ (100)	250	\$ 350
Fund balance - July 1, 2010			82,547	
Fund balance - June 30, 2011			\$ 82,797	

CITY OF HOLLISTER
TRANSPORTATION DEVELOPMENT ACT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 4,875	\$ 4,875
Total Revenues	-	-	4,875	4,875
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	600	1,266	(666)
Public Works				
ARRA Road Rehab				
Personnel	-	-	73,949	(73,949)
Services & Supplies	-	-	9,734	(9,734)
Capital	-	215,909	170,504	45,405
Total ARRA Road Rehab	-	215,909	254,187	(38,278)
Road Rehab				
Personnel	-	5,385	23,508	(18,123)
Services & Supplies	-	-	532	(532)
Capital	-	1,967,615	23,225	1,944,390
Total Road Rehab	-	1,973,000	47,265	1,925,735
Engineering				
Personnel	37,645	37,645	35,106	2,539
Services & Supplies	431	431	358	73
Total Engineering	-	38,076	35,464	2,612
Ground Lighting				
Personnel	-	2,160	9,753	(7,593)
Services & Supplies	-	-	427	(427)
Capital	-	29,000	-	29,000
Total Ground Lighting	-	31,160	10,180	20,980
Total Public Works	-	2,258,145	347,096	1,911,049
Total Expenditures	-	2,258,745	348,362	1,910,383
Net change in fund balance	\$ -	\$ (2,258,745)	(343,487)	\$ 1,915,258
Fund balance - July 1, 2010			1,278,282	
Fund balance - June 30, 2011			\$ 934,795	

CITY OF HOLLISTER
SPAY/NEUTER EDUCATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Charges for services	\$ 8,800	\$ 8,800	\$ 8,295	\$ (505)
Investment earnings	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
Total Revenues	<u>8,800</u>	<u>8,800</u>	<u>8,345</u>	<u>(455)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>15</u>	<u>13</u>	<u>2</u>
Public Safety				
Animal Control				
Services & Supplies	<u>-</u>	<u>10,000</u>	<u>9,391</u>	<u>609</u>
Total Expenditures	<u>-</u>	<u>10,015</u>	<u>9,404</u>	<u>611</u>
Net change in fund balance	\$ <u>8,800</u>	\$ <u>(1,215)</u>	<u>(1,059)</u>	\$ <u>156</u>
Fund balance - July 1, 2010			<u>12,535</u>	
Fund balance - June 30, 2011			\$ <u>11,476</u>	

CITY OF HOLLISTER
MELLO ROOS CFD-001 - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 875,000	\$ 875,000	\$ 809,868	\$ (65,132)
Investment earnings	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
Total Revenues	<u>875,000</u>	<u>875,000</u>	<u>809,884</u>	<u>(65,116)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>23,000</u>	<u>23,000</u>	<u>44,836</u>	<u>(21,836)</u>
Public Safety				
Fire				
Personnel	422,737	422,737	370,799	51,938
Services & Supplies	<u>6,048</u>	<u>6,048</u>	<u>5,400</u>	<u>648</u>
Total Fire	<u>428,785</u>	<u>428,785</u>	<u>376,199</u>	<u>52,586</u>
Police				
Personnel	417,181	417,181	377,241	39,940
Services & Supplies	<u>6,034</u>	<u>6,034</u>	<u>6,835</u>	<u>(801)</u>
Total Police	<u>423,215</u>	<u>423,215</u>	<u>384,076</u>	<u>39,139</u>
Total Public Safety	<u>845,952</u>	<u>852,000</u>	<u>760,275</u>	<u>91,725</u>
Total Expenditures	<u>868,952</u>	<u>875,000</u>	<u>805,111</u>	<u>69,889</u>
Net change in fund balance	\$ <u>6,048</u>	\$ <u>-</u>	<u>4,773</u>	\$ <u>4,773</u>
Fund balance (deficit) - July 1, 2010			<u>(4,773)</u>	
Fund balance - June 30, 2011			\$ <u>-</u>	

CITY OF HOLLISTER
YOUTH CENTER - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 89	\$ 89
Total Revenues	-	-	89	89
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	25	23	2
Total Expenditures	-	25	23	2
Net change in fund balance	\$ -	\$ (25)	66	\$ 91
Fund balance - July 1, 2010			21,952	
Fund balance - June 30, 2011			\$ 22,018	

CITY OF HOLLISTER
OIL RECYCLING GRANTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 56	\$ 56
Total Revenues	-	-	56	56
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	25	15	10
Total Expenditures	-	25	15	10
Excess (deficiency) of revenues over expenditures	-	(25)	41	66
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(26,477)	(26,477)
Total other financing sources (uses)	-	-	(26,477)	(26,477)
Net change in fund balance	\$ -	\$ (25)	(26,436)	\$ (26,411)
Fund balance - July 1, 2010			26,436	
Fund balance - June 30, 2011			\$ -	

CITY OF HOLLISTER
POLICE SPECIAL LAW ENFORCEMENT SAFETY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Investment earnings	<u>-</u>	<u>-</u>	<u>652</u>	<u>652</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,652</u>	<u>652</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>281</u>	<u>159</u>	<u>122</u>
Public Safety				
Police				
Capital	<u>-</u>	<u>324,054</u>	<u>279,942</u>	<u>44,112</u>
Total Expenditures	<u>-</u>	<u>324,335</u>	<u>280,101</u>	<u>44,234</u>
Net change in fund balance	<u>\$ 100,000</u>	<u>\$ (224,335)</u>	<u>(179,449)</u>	<u>\$ 44,886</u>
Fund balance - July 1, 2010			<u>224,335</u>	
Fund balance - June 30, 2011			<u>\$ 44,886</u>	

CITY OF HOLLISTER
OFFICE OF TRAFFIC SAFETY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 16,665	\$ 43,753	\$ 27,088
Total Revenues	-	16,665	43,753	27,088
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	6	(6)
Public Safety				
Police				
Personnel	-	14,161	42,326	(28,165)
Services & Supplies	-	2,492	7,583	(5,091)
Capital	-	-	1,988	(1,988)
Total Police	-	16,653	51,897	(35,244)
Total Expenditures	-	16,653	51,903	(35,250)
Excess (deficiency) of revenues over expenditures	-	12	(8,150)	(8,162)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(7,654)	(7,654)
Total other financing sources (uses)	-	-	(7,654)	(7,654)
Net change in fund balance	\$ -	\$ 12	(15,804)	\$ (15,816)
Fund balance - July 1, 2010			19,203	
Fund balance - June 30, 2011			\$ 3,399	

CITY OF HOLLISTER
ANIMAL WELFARE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 116	\$ 116
Other	<u>1,500</u>	<u>3,200</u>	<u>3,987</u>	<u>787</u>
Total Revenues	<u>1,500</u>	<u>3,200</u>	<u>4,103</u>	<u>903</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>30</u>	<u>31</u>	<u>(1)</u>
Public Safety				
Animal Control				
Services & Supplies	<u>-</u>	<u>1,950</u>	<u>15,036</u>	<u>(13,086)</u>
Total Expenditures	<u>-</u>	<u>1,980</u>	<u>15,067</u>	<u>(13,087)</u>
Net change in fund balance	\$ <u>1,500</u>	\$ <u>1,220</u>	<u>(10,964)</u>	\$ <u>(12,184)</u>
Fund balance - July 1, 2010			<u>30,467</u>	
Fund balance - June 30, 2011			\$ <u>19,503</u>	

CITY OF HOLLISTER
JAG GRANT EQUIPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 11,715	\$ -	\$ (11,715)
Investment earnings	-	-	63	63
Total Revenues	-	11,715	63	(11,652)
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	15	(15)
Public Safety				
Police				
Services & Supplies	-	-	30	(30)
Capital	-	30,029	11,880	18,149
Total Police	-	30,029	11,910	18,119
Total Expenditures	-	30,029	11,925	18,104
Excess (deficiency) of revenues over expenditures	-	(18,314)	(11,862)	6,452
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	11,700	11,700
Total other financing sources (uses)	-	-	11,700	11,700
Net change in fund balance	\$ -	\$ (18,314)	(162)	\$ 18,152
Fund balance - July 1, 2010			18,358	
Fund balance - June 30, 2011			\$ 18,196	

CITY OF HOLLISTER
JAG GRANT RECOVERY ACT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 220	\$ 220
Total Revenues	-	-	220	220
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	100	55	45
Public Safety				
Police				
Capital	-	92,973	84,191	8,782
Total Expenditures	-	93,073	84,246	8,827
Net change in fund balance	\$ -	\$ (93,073)	(84,026)	\$ 9,047
Fund balance - July 1, 2010			93,073	
Fund balance - June 30, 2011			\$ 9,047	

CITY OF HOLLISTER
CAL GRIP - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 112,540	\$ 252,930	\$ 140,390
Investment earnings	-	-	190	190
Total Revenues	-	112,540	253,120	140,580
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	50	46	4
Public Safety				
Police				
Personnel	-	19,490	45,774	(26,284)
Services & Supplies	-	8,000	3,309	4,691
Contractual	-	85,000	183,304	(98,304)
Total Police	-	112,490	232,387	(119,897)
Total Expenditures	-	112,540	232,433	(119,893)
Net change in fund balance	\$ -	\$ -	20,687	\$ 20,687
Fund balance - July 1, 2010			-	
Fund balance - June 30, 2011			\$ 20,687	

CITY OF HOLLISTER
TRAFFIC CONGESTION RELIEF - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 886	\$ 886
Total Revenues	-	-	886	886
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	300	233	67
Public Works				
Road Rehab				
Personnel	-	-	5,143	(5,143)
Services & Supplies	-	15	14	1
Capital	-	50,272	39,001	11,271
Total Road Rehab	-	50,287	44,158	6,129
Engineering				
Personnel	12,917	12,917	9,571	3,346
Services & Supplies	100	100	51	49
Total Engineering	13,017	13,017	9,622	3,395
Street Maintenance				
Services & Supplies	-	-	235,831	(235,831)
Total Public Works	13,017	63,304	289,611	(226,307)
Total Expenditures	-	63,604	289,844	(226,240)
Net change in fund balance	\$ -	\$ (63,604)	(288,958)	\$ (225,354)
Fund balance - July 1, 2010			256,634	
Fund balance (deficit) - June 30, 2011			\$ (32,324)	

CITY OF HOLLISTER
SIGNAL IMPROVEMENT FEE ON FLYNN - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 54	\$ 54
Total Revenues	-	-	54	54
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	20	14	6
Total Expenditures	-	20	14	6
Net change in fund balance	\$ -	\$ (20)	40	\$ 60
Fund balance - July 1, 2010			13,256	
Fund balance - June 30, 2011			\$ 13,296	

CITY OF HOLLISTER
COUNCIL OF GOVERNMENTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 513	\$ 513
Total Revenues	-	-	513	513
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	200	171	29
Total Expenditures	-	200	171	29
Excess (deficiency) of revenues over expenditures	-	(200)	342	542
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(163,559)	(163,559)
Total other financing sources (uses)	-	-	(163,559)	(163,559)
Net change in fund balance	\$ -	\$ (200)	(163,217)	\$ (163,017)
Fund balance - July 1, 2010			163,217	
Fund balance - June 30, 2011			\$ -	

CITY OF HOLLISTER
AFG GRANT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Intergovernmental	\$ <u>101,669</u>	\$ <u>101,669</u>	\$ <u>87,151</u>	\$ <u>(14,518)</u>
Total Revenues	<u>101,669</u>	<u>101,669</u>	<u>87,151</u>	<u>(14,518)</u>
<u>EXPENDITURES</u>				
Public Safety				
Fire				
Services & Supplies	<u>112,965</u>	<u>112,965</u>	<u>95,816</u>	<u>17,149</u>
Total Expenditures	<u>112,965</u>	<u>112,965</u>	<u>95,816</u>	<u>17,149</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>11,296</u>	<u>11,296</u>	<u>8,665</u>	<u>(2,631)</u>
Total other financing sources (uses)	<u>11,296</u>	<u>11,296</u>	<u>8,665</u>	<u>(2,631)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>	\$ <u>-</u>
Fund balance - July 1, 2010			<u>-</u>	
Fund balance - June 30, 2011			\$ <u>-</u>	

CITY OF HOLLISTER
EECBG GRANT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
Public Works				
Pedestrian Lights				
Personnel	-	-	898	(898)
Capital	-	174,861	-	174,861
Total Pedestrian Lights	-	174,861	898	173,963
Community Center				
Personnel	-	-	2,174	(2,174)
Capital	-	24,813	-	24,813
Total Community Center	-	24,813	2,174	22,639
Total Expenditures	-	199,674	3,072	196,602
Net change in fund balance	\$ _____ -	\$ (199,674)	(3,072)	\$ 196,602
Fund balance - July 1, 2010			-	
Fund balance (deficit) - June 30, 2011			\$ (3,072)	

CITY OF HOLLISTER
HOME PROGRAM REVOLVING LOANS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ 4,000	\$ 4,000	\$ 10,615	\$ 6,615
Other	<u>1,000</u>	<u>1,000</u>	<u>6,213</u>	<u>5,213</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>16,828</u>	<u>11,828</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>16,828</u>	<u>\$ 11,828</u>
Fund balance - July 1, 2010			<u>636,279</u>	
Fund balance - June 30, 2011			<u>\$ 653,107</u>	

CITY OF HOLLISTER
FIRE IMPACT FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
License and permits	\$ 5,000	\$ 5,000	\$ 48,562	\$ 43,562
Investment earnings	<u>35</u>	<u>35</u>	<u>371</u>	<u>336</u>
Total Revenues	<u>5,035</u>	<u>5,035</u>	<u>48,933</u>	<u>43,898</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>150</u>	<u>112</u>	<u>38</u>
Total Expenditures	<u>-</u>	<u>150</u>	<u>112</u>	<u>38</u>
Net change in fund balance	\$ <u>5,035</u>	\$ <u>4,885</u>	<u>48,821</u>	\$ <u>43,936</u>
Fund balance - July 1, 2010			<u>67,761</u>	
Fund balance - June 30, 2011			\$ <u>116,582</u>	

CITY OF HOLLISTER
POLICE IMPACT FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Charges for services	\$ 5,000	\$ 5,000	\$ 36,738	\$ 31,738
Investment earnings	<u>5</u>	<u>5</u>	<u>319</u>	<u>314</u>
Total Revenues	<u>5,005</u>	<u>5,005</u>	<u>37,057</u>	<u>32,052</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>100</u>	<u>79</u>	<u>21</u>
Total Expenditures	<u>-</u>	<u>100</u>	<u>79</u>	<u>21</u>
Net change in fund balance	\$ <u>5,005</u>	\$ <u>4,905</u>	<u>36,978</u>	\$ <u>32,073</u>
Fund balance - July 1, 2010			<u>61,029</u>	
Fund balance - June 30, 2011			\$ <u>98,007</u>	

CITY OF HOLLISTER
STORM DRAIN FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 5,000	\$ 5,000	\$ 2,740	\$ (2,260)
Investment earnings	<u>5</u>	<u>5</u>	<u>380</u>	<u>375</u>
Total Revenues	<u>5,005</u>	<u>5,005</u>	<u>3,120</u>	<u>(1,885)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>150</u>	<u>98</u>	<u>52</u>
Total Expenditures	<u>-</u>	<u>150</u>	<u>98</u>	<u>52</u>
Net change in fund balance	\$ <u>5,005</u>	\$ <u>4,855</u>	<u>3,022</u>	\$ <u>(1,833)</u>
Fund balance - July 1, 2010			<u>92,663</u>	
Fund balance - June 30, 2011			\$ <u>95,685</u>	

CITY OF HOLLISTER
STORM DRAIN IMPACT FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Charges for services	\$ 10,000	\$ 10,000	\$ 246,160	\$ 236,160
Investment earnings	<u>26,000</u>	<u>26,000</u>	<u>15,929</u>	<u>(10,071)</u>
Total Revenues	<u>36,000</u>	<u>36,000</u>	<u>262,089</u>	<u>226,089</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>5,000</u>	<u>4,101</u>	<u>899</u>
Public Works				
Storm Drain				
Personnel	-	1,650	20,730	(19,080)
Services & Supplies	-	-	70,157	(70,157)
Capital	<u>-</u>	<u>35,850</u>	<u>-</u>	<u>35,850</u>
Total Storm Drain	<u>-</u>	<u>37,500</u>	<u>90,887</u>	<u>(53,387)</u>
ARRA Road Rehab				
Personnel	-	-	6,621	(6,621)
Services & Supplies	-	-	11,556	(11,556)
Capital	<u>-</u>	<u>293,000</u>	<u>293,000</u>	<u>-</u>
Total ARRA Road Rehab	<u>-</u>	<u>293,000</u>	<u>311,177</u>	<u>(18,177)</u>
Engineering				
Personnel	95,243	94,879	75,948	18,931
Supplies & Services	32,945	32,945	16,185	16,760
Contractual	2,200	2,200	2,516	(316)
Capital	<u>6,300</u>	<u>6,300</u>	<u>5,590</u>	<u>710</u>
Total Engineering	<u>136,688</u>	<u>136,324</u>	<u>100,239</u>	<u>36,085</u>
Sewer Collection				
Supplies & Services	5,000	5,000	-	5,000
Contractual	1,068	1,068	-	1,068
Capital	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>-</u>
Total Sewer Collection	<u>34,068</u>	<u>34,068</u>	<u>28,000</u>	<u>6,068</u>
Total Public Works	<u>164,688</u>	<u>500,892</u>	<u>530,303</u>	<u>(17,302)</u>
Total Expenditures	<u>164,688</u>	<u>505,892</u>	<u>534,404</u>	<u>(28,512)</u>
Net change in fund balance	\$ <u>(128,688)</u>	\$ <u>(469,892)</u>	<u>(272,315)</u>	\$ <u>197,577</u>
Fund balance - July 1, 2010			<u>4,081,127</u>	
Fund balance - June 30, 2011			\$ <u>3,808,812</u>	

CITY OF HOLLISTER
TRAFFIC IMPACT FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
License and permits	\$ 50,000	\$ 50,000	\$ 1,000,626	\$ 950,626
Investment earnings	<u>400</u>	<u>400</u>	<u>22,045</u>	<u>21,645</u>
Total Revenues	<u>50,400</u>	<u>50,400</u>	<u>1,022,671</u>	<u>972,271</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>6,000</u>	<u>5,703</u>	<u>297</u>
Public Works				
North Street to San Benito				
Personnel	-	-	455	(455)
Services & Supplies	-	-	5,079	(5,079)
Total North Street to San Benito	<u>-</u>	<u>-</u>	<u>5,534</u>	<u>(5,534)</u>
Nash Road				
Personnel	-	1,650	6,994	(5,344)
Services & Supplies	-	20,350	6,206	14,144
Capital	-	785,000	-	785,000
Total Nash Road	<u>-</u>	<u>807,000</u>	<u>13,200</u>	<u>793,800</u>
Engineering				
Personnel	49,887	49,887	25,742	24,145
Supplies & Services	<u>595</u>	<u>595</u>	<u>283</u>	<u>312</u>
Total Engineering	<u>50,482</u>	<u>50,482</u>	<u>26,025</u>	<u>24,457</u>
Total Public Works	<u>50,482</u>	<u>857,482</u>	<u>44,759</u>	<u>812,723</u>
Total Expenditures	<u>50,482</u>	<u>863,482</u>	<u>50,462</u>	<u>813,020</u>
Net change in fund balance	\$ <u>(82)</u>	\$ <u>(813,082)</u>	<u>972,209</u>	\$ <u>1,785,291</u>
Fund balance - July 1, 2010			<u>4,714,052</u>	
Fund balance - June 30, 2011			\$ <u>5,686,261</u>	

CITY OF HOLLISTER
AB 1600 SANTA ANA STORM DRAIN - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Investment earnings	\$ <u>150</u>	\$ <u>150</u>	\$ <u>6,877</u>	\$ <u>6,727</u>
Total Revenues	<u>150</u>	<u>150</u>	<u>6,877</u>	<u>6,727</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>2,000</u>	<u>1,772</u>	<u>228</u>
Total Expenditures	<u>-</u>	<u>2,000</u>	<u>1,772</u>	<u>228</u>
Net change in fund balance	\$ <u>150</u>	\$ <u>(1,850)</u>	<u>5,105</u>	\$ <u>6,955</u>
Fund balance - July 1, 2010			<u>1,946,668</u>	
Fund balance - June 30, 2011			\$ <u>1,951,773</u>	

CITY OF HOLLISTER
JAIL JUVENILE HALL - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
License and permits	\$ <u>8,000</u>	\$ <u>8,000</u>	\$ <u>32,663</u>	\$ <u>24,663</u>
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>32,663</u>	<u>24,663</u>
<u>EXPENDITURES</u>				
General Governmental				
Non-Departmental				
Contractual	<u>8,000</u>	<u>10,500</u>	<u>41,110</u>	<u>(30,610)</u>
Total Expenditures	<u>8,000</u>	<u>10,500</u>	<u>41,110</u>	<u>(30,610)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(2,500)</u>	<u>(8,447)</u>	\$ <u>(5,947)</u>
Fund balance (deficit) - July 1, 2010			<u>(43,576)</u>	
Fund balance (deficit) - June 30, 2011			\$ <u>(52,023)</u>	

CITY OF HOLLISTER
LOCAL STREET & ROAD IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 2,171</u>	\$ <u> 2,171</u>
Total Revenues	<u> -</u>	<u> -</u>	<u> 2,171</u>	<u> 2,171</u>
<u>EXPENDITURES</u>				
General Governmental				
Non-Departmental				
Contractual	<u> -</u>	<u> 750</u>	<u> 557</u>	<u> 193</u>
Public Works				
Prop 1B				
Personnel	<u> -</u>	<u> -</u>	<u> 2,136</u>	<u> (2,136)</u>
Services & Supplies	<u> -</u>	<u> -</u>	<u> 31</u>	<u> (31)</u>
Capital	<u> -</u>	<u> 55,260</u>	<u> 55,260</u>	<u> -</u>
Total Prop 1B	<u> -</u>	<u> 55,260</u>	<u> 57,427</u>	<u> (2,167)</u>
Engineering				
Personnel	<u> 9,433</u>	<u> 9,433</u>	<u> 10,785</u>	<u> (1,352)</u>
Services & Supplies	<u> 52</u>	<u> 52</u>	<u> 68</u>	<u> (16)</u>
Total Engineering	<u> 9,485</u>	<u> 9,485</u>	<u> 10,853</u>	<u> (1,368)</u>
Total Public Works	<u> 9,485</u>	<u> 64,745</u>	<u> 68,280</u>	<u> (3,535)</u>
Total Expenditures	<u> 9,485</u>	<u> 65,495</u>	<u> 68,837</u>	<u> (3,342)</u>
Net change in fund balance	\$ <u> (9,433)</u>	\$ <u> (9,433)</u>	<u> (66,666)</u>	\$ <u> (57,233)</u>
Fund balance - July 1, 2010			<u> 580,702</u>	
Fund balance - June 30, 2011			\$ <u> 514,036</u>	

CITY OF HOLLISTER
ARRA - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Intergovernmental	\$ <u>36,118</u>	\$ <u>1,179,920</u>	\$ <u>1,226,092</u>	\$ <u>46,172</u>
Total Revenues	<u>36,118</u>	<u>1,179,920</u>	<u>1,226,092</u>	<u>46,172</u>
<u>EXPENDITURES</u>				
Public Works				
ARRA Road Rehab				
Services & Supplies	-	-	10,000	(10,000)
Capital	-	<u>1,226,091</u>	<u>1,176,658</u>	<u>49,433</u>
Total ARRA Road Rehab	-	<u>1,226,091</u>	<u>1,186,658</u>	<u>39,433</u>
Total Expenditures	-	<u>1,226,091</u>	<u>1,186,658</u>	<u>39,433</u>
Net change in fund balance	\$ <u>36,118</u>	\$ <u>(46,171)</u>	<u>39,434</u>	\$ <u>85,605</u>
Fund balance (deficit) - July 1, 2010			<u>(39,390)</u>	
Fund balance - June 30, 2011			\$ <u>44</u>	

AGENCY FUNDS

Fiduciary Funds account for assets held by the City in a trustee capacity, or as an agent for private organizations, other governmental units, or other funds. The following are the City's Fiduciary Funds:

Red Cross Relief - This fund accounts for assets held for the Red Cross Relief Fund in a fiduciary capacity.

Tricentennial - This fund accounts for assets held for the Tri-Centennial in a fiduciary capacity.

Veteran's Building Pavers - This fund accounts for assets held for the Veteran's Building Pavers in a fiduciary capacity.

Meridian Street - This fund accounts for assets held for the Meridian Street Assessment District in a fiduciary capacity.

San Benito Estates - This fund accounts for assets held for the San Benito Estates Assessment District in a fiduciary capacity.

Hollister Business Park - This fund accounts for assets held for the Hollister Business Park Assessment District in a fiduciary capacity.

Landscaping and Lighting - This fund accounts for assets held for the Landscaping and Lighting Assessment District in a fiduciary capacity.

Sunnyslope Village - This fund accounts for assets held for the Landscaping and Lighting Assessment District in a fiduciary capacity.

Gateway Auto Mall - This fund accounts for assets held for the Gateway Auto Mall Assessment District in a fiduciary capacity.

CITY OF HOLLISTER
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
JUNE 30, 2011

	Red Cross Relief	Tri- centennial	Veteran's Building Pavers	Meridian Street	San Benito Estates	Hollister Business Park	Landscaping and Lighting	Sunnyslope Village	Gateway Auto Mall	Total
<u>ASSETS</u>										
Cash and investments	\$ 194	\$ 14	\$ 439	\$ 546,297	\$ 247,470	\$ 156,535	\$ -	\$ 904	\$ 235,274	\$ 1,187,127
Accounts receivable	-	-	-	2,797	119	-	20,432	-	23,651	46,999
Interest receivable	-	-	-	193	191	145	12	1	124	666
Total Assets	<u>\$ 194</u>	<u>\$ 14</u>	<u>\$ 439</u>	<u>\$ 549,287</u>	<u>\$ 247,780</u>	<u>\$ 156,680</u>	<u>\$ 20,444</u>	<u>\$ 905</u>	<u>\$ 259,049</u>	<u>\$ 1,234,792</u>
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,575	\$ -	\$ -	\$ 18,575
Accrued liabilities	161	-	-	-	-	-	1,869	-	-	2,030
Deposits in trust	33	14	439	549,287	247,780	156,680	-	905	259,049	1,214,187
Total Liabilities	<u>\$ 194</u>	<u>\$ 14</u>	<u>\$ 439</u>	<u>\$ 549,287</u>	<u>\$ 247,780</u>	<u>\$ 156,680</u>	<u>\$ 20,444</u>	<u>\$ 905</u>	<u>\$ 259,049</u>	<u>\$ 1,234,792</u>

CITY OF HOLLISTER
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Red Cross Relief</u>				
ASSETS				
Cash and investments	\$ 193	\$ 1	\$ -	\$ 194
Total Assets	<u>\$ 193</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 194</u>
LIABILITIES				
Accrued liabilities	\$ 161	\$ -	\$ -	\$ 161
Deposits in trust	<u>32</u>	<u>1</u>	<u>-</u>	<u>33</u>
Total Liabilities	<u>\$ 193</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 194</u>
<u>Tricentennial</u>				
ASSETS				
Cash and investments	\$ 14	\$ -	\$ -	\$ 14
Total Assets	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>
LIABILITIES				
Deposits in trust	\$ 14	\$ -	\$ -	\$ 14
Total Liabilities	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>
<u>Veteran's Building Pavers</u>				
ASSETS				
Cash and investments	\$ 338	\$ 901	\$ 800	\$ 439
Total Assets	<u>\$ 338</u>	<u>\$ 901</u>	<u>\$ 800</u>	<u>\$ 439</u>
LIABILITIES				
Deposits in trust	\$ 338	\$ 901	\$ 800	\$ 439
Total Liabilities	<u>\$ 338</u>	<u>\$ 901</u>	<u>\$ 800</u>	<u>\$ 439</u>
<u>Meridian Street</u>				
ASSETS				
Cash and investments	\$ 544,622	\$ 219,120	\$ 217,445	\$ 546,297
Accounts receivable	8,337	2,797	8,337	2,797
Interest receivable	<u>253</u>	<u>193</u>	<u>253</u>	<u>193</u>
Total Assets	<u>\$ 553,212</u>	<u>\$ 222,110</u>	<u>\$ 226,035</u>	<u>\$ 549,287</u>
LIABILITIES				
Deposits in trust	\$ 553,212	\$ 222,110	\$ 226,035	\$ 549,287
Total Liabilities	<u>\$ 553,212</u>	<u>\$ 222,110</u>	<u>\$ 226,035</u>	<u>\$ 549,287</u>

CITY OF HOLLISTER
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS (continued)
TRUST AND AGENCY FUNDS
JUNE 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<u>San Benito Estates</u>				
ASSETS				
Cash and investments	\$ 252,571	\$ 53,063	\$ 58,164	\$ 247,470
Accounts receivable	4,072	119	4,072	119
Interest receivable	<u>268</u>	<u>191</u>	<u>268</u>	<u>191</u>
Total Assets	<u>\$ 256,911</u>	<u>\$ 53,373</u>	<u>\$ 62,504</u>	<u>\$ 247,780</u>
LIABILITIES				
Deposits in trust	<u>\$ 256,911</u>	<u>\$ 53,373</u>	<u>\$ 62,504</u>	<u>\$ 247,780</u>
Total Liabilities	<u>\$ 256,911</u>	<u>\$ 53,373</u>	<u>\$ 62,504</u>	<u>\$ 247,780</u>
<u>Hollister Business Park</u>				
ASSETS				
Cash and investments	\$ 156,005	\$ 696	\$ 166	\$ 156,535
Interest receivable	<u>203</u>	<u>145</u>	<u>203</u>	<u>145</u>
Total Assets	<u>\$ 156,208</u>	<u>\$ 841</u>	<u>\$ 369</u>	<u>\$ 156,680</u>
LIABILITIES				
Deposits in trust	<u>\$ 156,208</u>	<u>\$ 841</u>	<u>\$ 369</u>	<u>\$ 156,680</u>
Total Liabilities	<u>\$ 156,208</u>	<u>\$ 841</u>	<u>\$ 369</u>	<u>\$ 156,680</u>
<u>Landscaping and Lighting</u>				
ASSETS				
Cash and investments	\$ -	\$ 226,740	\$ 226,740	\$ -
Accounts receivable	<u>37,065</u>	<u>20,432</u>	<u>37,065</u>	<u>20,432</u>
Interest receivable	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>
Total Assets	<u>\$ 37,065</u>	<u>\$ 247,184</u>	<u>\$ 263,805</u>	<u>\$ 20,444</u>
LIABILITIES				
Accounts payable	\$ 35,332	\$ 18,575	\$ 35,332	\$ 18,575
Accrued liabilities	1,733	1,869	1,733	1,869
Deposits in trust	<u>-</u>	<u>226,740</u>	<u>226,740</u>	<u>-</u>
Total Liabilities	<u>\$ 37,065</u>	<u>\$ 247,184</u>	<u>\$ 263,805</u>	<u>\$ 20,444</u>
<u>Sunnyslope Village</u>				
ASSETS				
Cash and investments	\$ 901	\$ 4	\$ 1	\$ 904
Interest receivable	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Assets	<u>\$ 902</u>	<u>\$ 5</u>	<u>\$ 2</u>	<u>\$ 905</u>
LIABILITIES				
Deposits in trust	<u>\$ 902</u>	<u>\$ 5</u>	<u>\$ 2</u>	<u>\$ 905</u>
Total Liabilities	<u>\$ 902</u>	<u>\$ 5</u>	<u>\$ 2</u>	<u>\$ 905</u>

CITY OF HOLLISTER
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS (continued)
TRUST AND AGENCY FUNDS
JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Gateway Auto Mall</u>				
ASSETS				
Cash and investments	\$ 315,138	\$ 101,810	\$ 181,674	\$ 235,274
Accounts receivable	16,739	23,651	16,739	23,651
Interest receivable	<u>268</u>	<u>124</u>	<u>268</u>	<u>124</u>
Total Assets	<u>\$ 332,145</u>	<u>\$ 125,585</u>	<u>\$ 198,681</u>	<u>\$ 259,049</u>
LIABILITIES				
Deposits in trust	<u>\$ 332,145</u>	<u>\$ 125,585</u>	<u>\$ 198,681</u>	<u>\$ 259,049</u>
Total Liabilities	<u>\$ 332,145</u>	<u>\$ 125,585</u>	<u>\$ 198,681</u>	<u>\$ 259,049</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 1,269,782	\$ 602,335	\$ 684,990	\$ 1,187,127
Accounts receivable	66,213	46,999	66,213	46,999
Interest receivable	<u>993</u>	<u>666</u>	<u>993</u>	<u>666</u>
Total Assets	<u>\$ 1,336,988</u>	<u>\$ 650,000</u>	<u>\$ 752,196</u>	<u>\$ 1,234,792</u>
LIABILITIES				
Accounts payable	\$ 35,332	\$ 18,575	\$ 35,332	\$ 18,575
Accrued liabilities	1,894	1,869	1,733	2,030
Deposits in trust	<u>1,299,762</u>	<u>629,556</u>	<u>715,131</u>	<u>1,214,187</u>
Total Liabilities	<u>\$ 1,336,988</u>	<u>\$ 650,000</u>	<u>\$ 752,196</u>	<u>\$ 1,234,792</u>

STATISTICAL SECTION



CITY OF HOLLISTER

DESCRIPTION OF STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	130 - 134
Revenue Capacity	
These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.	135 - 138
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	139 - 143
Economic and Demographic Information	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	144 - 146
Operating Information	
Theses schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	147 - 149

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HOLLISTER, CALIFORNIA
NET ASSETS by COMPONENT
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007 ⁽²⁾	2008	2009	2010	2011
<u>Governmental activities:</u>									
Invested in capital assets, net of related debt	\$ 92,636,995	\$ 97,106,893	\$ 113,969,767	\$ 116,709,036	\$ (906,002)	\$ (1,076,423)	\$ (1,238,024)	\$ (403,587)	\$ 1,533,436
Restricted	29,678,279	50,383,527	41,330,000	40,040,000	23,189,297	18,447,194	15,252,460	15,087,344	35,606,179
Unrestricted	34,064,490	4,786,459	(6,798,832)	(20,174,810)	18,487,468	32,972,977	40,887,336	35,397,359	10,942,106
Total governmental activities net assets	<u>\$ 156,379,764</u>	<u>\$ 152,276,879</u>	<u>\$ 148,500,935</u>	<u>\$ 136,574,226</u>	<u>\$ 40,770,763</u>	<u>\$ 50,343,748</u>	<u>\$ 54,901,772</u>	<u>\$ 50,081,116</u>	<u>\$ 48,081,721</u>
<u>Business-type activities:</u>									
Invested in capital assets, net of related debt	\$ 98,433,891	\$ 94,392,491	\$ 98,409,998	\$ 95,950,871	\$ 25,021,339	\$ 36,637,224	\$ 33,421,263	\$ 34,874,146	\$ 33,289,098
Restricted	15,621,435	15,210,954	13,810,000	13,886,003					
Unrestricted	(18,363,847)	(20,345,698)	(20,970,559)	(20,495,761)	3,820,889	3,203,871	10,765,382	13,757,524	15,444,194
Total business-type activities net assets	<u>\$ 95,691,479</u>	<u>\$ 89,257,747</u>	<u>\$ 91,249,439</u>	<u>\$ 89,341,113</u>	<u>\$ 28,842,228</u>	<u>\$ 39,841,095</u>	<u>\$ 44,186,645</u>	<u>\$ 48,631,670</u>	<u>\$ 48,733,292</u>
<u>Primary government:</u>									
Invested in capital assets, net of related debt	\$ 191,070,886	\$ 191,499,384	\$ 212,379,765	\$ 212,659,907	\$ 24,115,337	\$ 35,560,801	\$ 32,183,239	\$ 34,470,559	\$ 34,822,534
Restricted	45,299,714	65,594,481	55,140,000	53,926,003	23,189,297	18,447,194	15,252,460	15,087,344	35,606,179
Unrestricted	15,700,643	(15,559,239)	(27,769,391)	(40,670,571)	22,308,357	36,176,848	51,652,718	49,154,883	26,386,300
Total primary government net assets	<u>\$ 252,071,243</u>	<u>\$ 241,534,626</u>	<u>\$ 239,750,374</u>	<u>\$ 225,915,339</u>	<u>\$ 69,612,991</u>	<u>\$ 90,184,843</u>	<u>\$ 99,088,417</u>	<u>\$ 98,712,786</u>	<u>\$ 96,815,013</u>

Note 1: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03. We therefore only have nine years of data available to report.

Note 2: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Expenses									
General government	\$ 6,911,718	\$ 9,135,598	\$ 10,242,260	\$ 21,594,223	\$ 7,393,697	\$ 7,633,251	\$ 7,565,001	\$ 11,496,478	\$ 8,702,170
Public safety	8,447,474	9,265,653	9,606,645	9,958,700	14,770,458	10,569,228	12,510,912	11,725,625	11,129,565
Public works	8,952,829	6,359,419	5,111,662	3,864,120	16,164,892	5,792,244	3,802,923	3,368,100	3,041,659
Recreation	925,768	799,594	458,325	1,366,530	3,595,118	1,512,531	1,772,027	1,576,338	1,503,455
Interest on long-term debt	361,346	3,631,302	1,624,693	2,085,455	2,051,691	2,020,677	1,985,412	2,296,969	2,409,814
Total governmental activities expense	25,599,135	29,191,566	27,043,585	38,869,028	43,975,856	27,527,931	27,636,275	30,463,510	26,786,663
Program Revenues									
Charges for services:									
General government	882,029	1,185,305	967,484		127,642	86,580	1,530,103	1,121,856	1,196,087
Public safety	88,849	13,121	9,188	230,957	646,800	424,451	380,158	513,535	373,329
Public works	323,416	102,007	21,060	422,834	172,195	128,191	479,797	1,621,172	1,655,111
Recreation	396,848	318,253	195,206	726,712	285,996	290,548	270,260	498,451	651,236
Operating grants and contributions	2,919,263	3,270,473	4,465,604	5,144,663	6,205,229	6,059,794	1,362,085	1,116,473	848,526
Capital grants and contributions	1,040,934							192,620	1,339,706
Total governmental activities program revenues	5,651,339	4,889,159	5,658,542	6,525,166	7,437,862	6,989,564	4,022,403	5,064,107	6,063,995
Net Expense¹	(19,947,796)	(24,302,407)	(21,385,043)	(32,343,862)	(36,537,994)	(20,538,367)	(23,613,872)	(25,399,403)	(20,722,668)
General Revenues and Transfers									
Taxes:									
Property taxes and other taxes (2)	14,577,752	14,387,478	14,361,047	15,470,622	16,248,080	17,115,012	21,280,446	18,544,527	18,660,910
Motor vehicle in lieu (2)					247,267	159,130	136,191	109,581	110,564
Licenses, permits, and fees (2)					744,855	470,836			
Unrestricted investment earnings	2,468,001	1,897,854	1,605,036	1,997,621	2,722,010	1,732,758	764,469	348,449	249,561
Miscellaneous	1,559,425	3,914,190	1,643,016	2,948,910	2,077,720	2,668,418	4,930,074	1,605,007	2,095,931
Transfers						(81,622)	38,759	(353,631)	16,202
Total general revenues and transfers	18,605,178	20,199,522	17,609,099	20,417,153	22,039,932	22,064,532	27,149,939	20,253,933	21,133,168
Change in net assets- governmental activities	\$ (1,342,618)	\$ (4,102,885)	\$ (3,775,944)	\$ (11,926,709)	\$ (14,498,062)	\$ 1,526,165	\$ 3,536,067	\$ (5,145,470)	\$ 410,500

¹ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and general revenues were needed to finance that function or program.

Note 2: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
CHANGES IN NET ASSETS (continued)
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-Type activities:									
Expenses									
Airport	\$ 579,988	\$ 775,997	\$ 676,283	\$ 754,289	\$ 746,959	\$ 807,734	\$ 873,910	\$ 852,930	\$ 930,971
Water	2,124,645	2,785,903	2,445,174	2,528,405	2,487,804	2,964,693	3,919,817	3,776,513	3,702,692
Wastewater	6,610,919	10,933,663	5,653,507	5,875,070	3,460,118	4,142,410	7,195,980	8,716,397	13,792,619
Street sweeping	260,297	281,139	239,450	498,747	348,990	411,282	363,054	409,517	446,664
Briggs Building				84,419	206,683	219,093	223,840	228,233	217,980
Total business-type activities	9,575,849	14,776,702	9,014,414	9,740,930	7,250,554	8,545,212	12,576,601	13,983,590	19,090,926
Program Revenues									
Charges for services:									
Airport	515,662	492,278	536,114	524,951	590,000	560,947	625,513	697,675	662,898
Water	1,910,710	1,926,355	1,896,280	2,478,239	4,291,736	4,124,258	4,170,336	4,117,577	3,684,750
Wastewater	3,713,123	5,353,596	4,557,248	4,080,381	6,593,813	9,282,635	11,147,589	12,730,842	13,469,247
Street sweeping	286,262	287,456	286,882	286,882	316,001	309,352	320,609	318,057	319,943
Briggs Building				132,600	122,400	147,050	121,550	122,400	132,600
Capital grants and contributions	10,000	36,321							55,800
Total business-type activities program revenues	6,435,757	8,096,006	7,276,524	7,503,053	11,913,950	14,424,242	16,385,597	17,986,551	18,325,238
Net Expense¹	(3,140,092)	(6,680,696)	(1,737,890)	(2,237,877)	4,663,396	5,879,030	3,808,996	4,002,961	(765,688)
General revenues									
Unrestricted investment earnings	181,398	246,964	252,759	329,551	3,101,803	3,779,982	575,313	88,433	71,762
Miscellaneous			3,476,823						
Capital contributions					9,877,090				
Transfers						81,622	(38,759)	353,631	(16,202)
Total general revenues	181,398	246,964	3,729,582	329,551	12,978,893	3,861,604	536,554	442,064	55,560
Change in net assets -business-type activities	\$ (2,958,694)	\$ (6,433,732)	\$ 1,991,692	\$ (1,908,326)	\$ 17,642,289	\$ 9,740,634	\$ 4,345,550	\$ 4,445,025	\$ (710,128)
Primary Government									
Expenses									
Governmental activities	\$ 25,599,135	\$ 29,191,566	\$ 27,043,585	\$ 38,869,028	\$ 43,975,856	\$ 27,527,931	\$ 27,636,275	\$ 30,463,510	\$ 26,786,663
Business-type activities	9,575,849	14,776,702	9,014,414	9,740,930	7,250,554	8,545,212	12,576,601	13,983,590	19,090,926
Total primary government expenses	35,174,984	43,968,268	36,057,999	48,609,958	51,226,410	36,073,143	40,212,876	44,447,100	45,877,589
Program Revenues									
Governmental activities	5,651,339	4,889,159	5,658,542	6,525,166	7,437,862	6,989,564	4,022,403	5,064,107	6,063,995
Business-type activities	6,435,757	8,096,006	7,276,524	7,503,053	11,913,950	14,424,242	16,385,597	17,986,551	18,325,238
Total primary government program revenues	12,087,096	12,985,165	12,935,066	14,028,219	19,351,812	21,413,806	20,408,000	23,050,658	24,389,233
Net Expense¹	(19,947,796)	(24,302,407)	(21,385,043)	(32,343,862)	(36,537,994)	(20,538,367)	(23,613,872)	(25,399,403)	(20,722,668)
Business-type activities	(3,140,092)	(6,680,696)	(1,737,890)	(2,237,877)	4,663,396	5,879,030	3,808,996	4,002,961	(765,688)
Total primary government net expense	(23,087,888)	(30,983,103)	(23,122,933)	(34,581,739)	(31,874,598)	(14,659,337)	(19,804,876)	(21,396,442)	(21,488,356)
General revenues									
Governmental activities	18,605,178	20,199,522	17,609,099	20,417,153	22,039,932	22,064,532	27,149,939	20,253,933	21,133,168
Business-type activities	181,398	246,964	3,729,582	329,551	12,978,893	3,861,604	536,554	442,064	55,560
Total primary government general revenues	18,786,576	20,446,486	21,338,681	20,746,704	35,018,825	25,926,136	27,686,493	20,695,997	21,188,728
Change in net assets	(1,342,618)	(4,102,885)	(3,775,944)	(11,926,709)	(14,498,062)	1,526,165	3,536,067	(5,145,470)	410,500
Business-type activities	(2,958,694)	(6,433,732)	1,991,692	(1,908,326)	17,642,289	9,740,634	4,345,550	4,445,025	(710,128)
Total primary government change in net assets	\$ (4,301,312)	\$ (10,536,617)	\$ (1,784,252)	\$ (13,835,035)	\$ 3,144,227	\$ 11,266,799	\$ 7,881,617	\$ (700,445)	\$ (299,628)

Note: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03. We therefore only have nine years of data available to report.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 ⁽³⁾
General Fund:									
Reserved for:									
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,396	\$ 19,898	\$ 32,748	\$ -
General restrictions	115,000	115,000	115,000	115,000					
Unreserved:									
Undesignated	7,926,189	7,828,041	8,964,051	6,379,909	4,876,784	3,199,546	2,271,733	2,126,112	
Nonspendable									37,812
Unassigned									2,565,494
Total general fund balance	<u>\$ 8,041,189</u>	<u>\$ 7,943,041</u>	<u>\$ 9,079,051</u>	<u>\$ 6,494,909</u>	<u>\$ 4,876,784</u>	<u>\$ 3,247,942</u>	<u>\$ 2,291,631</u>	<u>\$ 2,158,860</u>	<u>\$ 2,603,306</u>
All other Governmental Funds:									
Reserved for:									
Land held for resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000,000	\$ 6,318,450	\$ 4,810,482	\$ -
Housing set-aside						12,632,217	12,362,924	11,068,095	
Debt service						1,814,977	2,889,536	4,019,249	
Low and moderate income housing ⁽²⁾	13,119,852	37,270,000	15,193,539	15,193,539					
Unreserved:									
Undesignated, reported in:									
Special revenue funds	15,490,214	20,575,249	29,780,729	19,722,398	28,875,523	12,584,759	7,480,999	6,602,287	
Capital projects funds	22,795,761	22,068,576	22,579,086	19,005,706	5,973,444	9,823,651	18,312,449	20,701,390	
Nonspendable:									
Capital projects funds									4,893,154
Restricted									
Special revenue funds									24,759,865
Capital projects funds									7,266,662
Debt service funds									3,579,652
Unassigned:									
Special revenue funds									(35,396)
Capital projects funds									(52,003)
Total other governmental fund balances	<u>\$ 51,405,827</u>	<u>\$ 79,913,825</u>	<u>\$ 67,553,354</u>	<u>\$ 53,921,643</u>	<u>\$ 34,848,967</u>	<u>\$ 40,855,604</u>	<u>\$ 47,364,358</u>	<u>\$ 47,201,503</u>	<u>\$ 40,411,934</u>

Note 1: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03. We therefore only have nine years of data available to report.

Note 2: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Note 3: The City implemented GASB 54 during the fiscal year 2010/11.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)

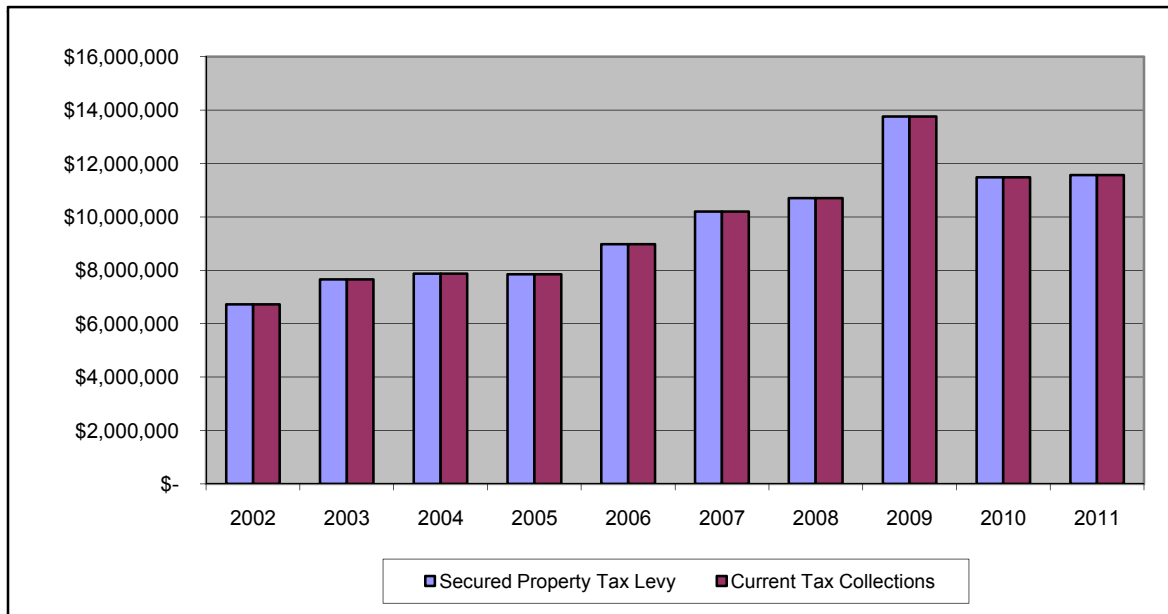
	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES									
Taxes	\$ 14,482,615	\$ 14,078,793	\$ 13,986,568	\$ 15,470,622	\$ 16,248,080	\$ 17,115,012	\$ 21,416,637	\$ 18,654,108	\$ 18,771,474
Licenses and permits	418,902	443,940	374,479	422,834	744,855	470,836	1,071,578	2,135,977	2,155,992
Intergovernmental	3,960,198	3,270,473	4,465,604	5,144,663	4,094,614	8,576,806	1,362,085	1,309,093	2,188,232
Charges for services	1,691,142	1,618,686	1,191,888	726,712	979,577	797,352	945,538	1,433,712	1,587,676
Fines and forfeitures	89,598	611,574	152,067	230,957	253,056	132,419	643,202	185,325	132,095
Investment earnings	2,468,001	1,897,854	1,605,036	1,997,622	2,722,010	1,732,758	764,469	348,449	232,061
Other	1,559,425	3,914,190	6,878,829	2,948,910	2,773,264	2,668,418	4,979,793	1,668,529	2,142,299
Total revenues	24,669,881	25,835,510	28,654,471	26,942,320	27,815,456	31,493,601	31,183,302	25,735,193	27,209,829
EXPENDITURES:									
Current:									
General government	4,720,607	8,396,502	6,473,962	19,381,237	5,403,623	6,505,756	8,558,338	13,423,444	10,313,176
Public safety	8,310,077	9,134,575	9,424,862	9,811,365	9,584,508	9,928,001	11,283,420	11,258,547	10,666,040
Public works	7,311,765	5,656,227	4,193,602	2,908,309	2,677,150	2,652,311	2,654,005	2,564,064	2,374,410
Recreation	925,768	799,594	458,325	1,366,530	1,224,766	1,247,593	1,517,656	1,322,829	1,282,078
Capital outlay	6,542,366	2,245,001	10,669,368	6,240,401	27,373,522	4,666,628	1,338,440	1,681,738	3,790,377
Debt Service:									
Principal	1,295,000	4,575,271	1,230,000	1,289,887	735,000	765,000	795,000	835,000	990,000
Interest	571,538	2,167,175	1,926,715	2,045,444	2,067,713	2,036,699	2,001,434	2,686,796	2,408,845
Total expenditures	29,677,121	32,974,345	34,376,834	43,043,173	49,066,282	27,801,988	28,148,293	33,772,418	31,824,926
Excess (deficiency) of revenues over expenditures	(5,007,240)	(7,138,835)	(5,722,363)	(16,100,853)	(21,250,826)	3,691,613	3,035,009	(8,037,225)	(4,615,097)
OTHER FINANCING SOURCES (USES):									
Transfers in	436,190	1,285,978	1,183,428	1,075,650		366,242	3,316,231	5,104,018	1,968,313
Transfer out	(482,967)	(809,261)	(6,685,258)	(1,075,650)		(447,864)	(3,277,472)	(5,457,649)	(1,952,111)
Issuance of debt		35,000,000						8,000,000	-
Total other financing sources (uses)	(46,777)	35,476,717	(5,501,830)	-	-	(81,622)	38,759	7,646,369	16,202
Net change in fund balances	\$ (5,054,017)	\$ 28,337,882	\$ (11,224,193)	\$ (16,100,853)	\$ (21,250,826)	\$ 3,609,991	\$ 3,073,768	\$ (390,856)	\$ (4,598,895)
Debt service as a percentage of noncapital expenditures									
	8.1%	21.9%	13.3%	9.1%	12.9%	12.1%	10.4%	11.0%	12.1%

Note: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03. We therefore only have nine years of data available to report.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
PROPERTY TAXES LEVIES AND COLLECTIONS
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Total Secured Property Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections June 30 (1)	Percent of Total Tax Collections to Tax Levy
2002	\$ 6,728,134	\$ 6,728,134	100.00%		\$ 6,728,134	100.00%
2003	7,653,219	7,653,219	100.00%		7,653,219	100.00%
2004	7,878,410	7,878,410	100.00%		7,878,410	100.00%
2005	7,850,033	7,850,033	100.00%		7,850,033	100.00%
2006	8,972,404	8,972,404	100.00%		8,972,404	100.00%
2007	10,204,926	10,204,926	100.00%		10,204,926	100.00%
2008	10,703,399	10,703,399	100.00%		10,703,399	100.00%
2009	13,756,368	13,756,368	100.00%		13,756,368	100.00%
2010	11,479,993	11,479,993	100.00%		11,479,993	100.00%
2011	11,564,994	11,564,994	100.00%		11,564,994	100.00%



Note 1: Includes current and teeter buy-out, penalties, and interest.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Secured Roll	Utility Roll	Unsecured Roll	Assessed Value
2002	n/a	n/a	n/a	n/a
2003	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	\$ 2,821,026,672
2007	\$ 3,023,976,407	\$ 52,902	\$ 93,958,070	3,117,987,379
2008	3,216,374,691	76,000	94,525,013	3,310,975,704
2009	3,075,368,584	76,000	106,726,890	3,182,171,474
2010	2,666,436,361	76,000	105,399,825	2,771,912,186
2011	2,499,925,552	76,000	102,329,316	2,602,330,868

Note: Reliable trend information for fiscal years 2001-2005 was not available from the County of San Benito. Information will be provided in future years.

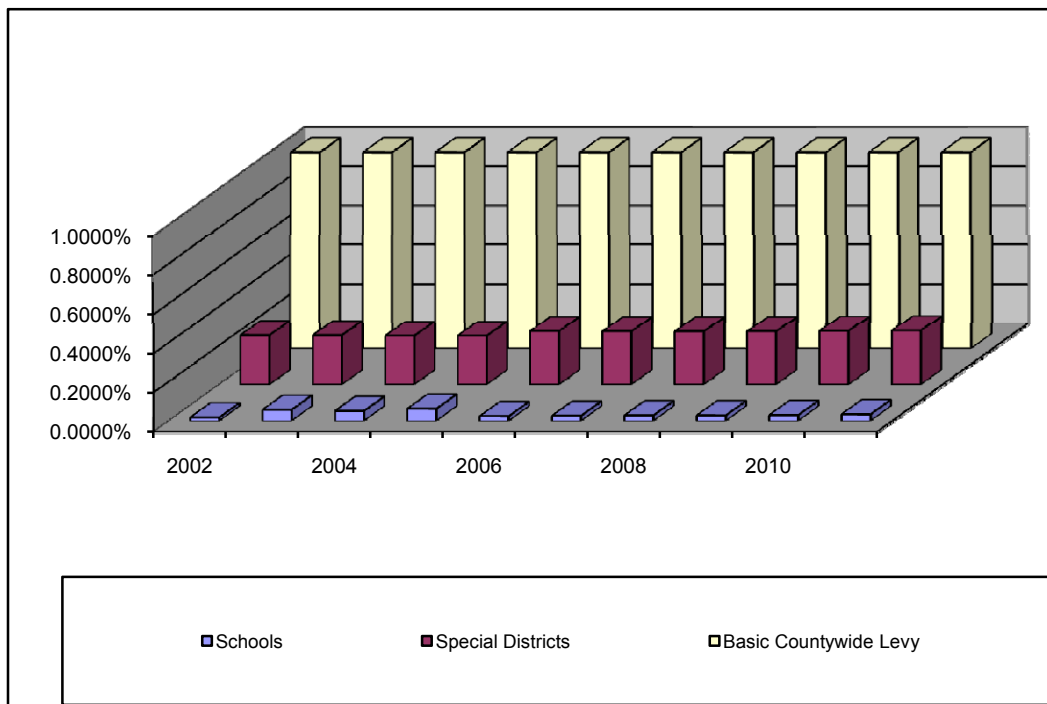
Note: Total estimated actual value of taxable property was not reasonably estimable as the Assessor for San Benito County continues to make reassessments and due to the high foreclosure rate.

Source: California Municipal Statistics, Inc.

CITY OF HOLLISTER, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(Rate per \$100 of assessed value)
LAST TEN FISCAL YEARS

Fiscal Year	Basic Countywide Levy	Schools	Special Districts	Total
2002	1.000%	0.0168%	0.2536%	1.2704%
2003	1.000%	0.0560%	0.2533%	1.3093%
2004	1.000%	0.0497%	0.2500%	1.2997%
2005	1.000%	0.0610%	0.2500%	1.3110%
2006	1.000%	0.0231%	0.2750%	1.2981%
2007	1.000%	0.0256%	0.2736%	1.2992%
2008	1.000%	0.0274%	0.2730%	1.3004%
2009	1.000%	0.0273%	0.2734%	1.3007%
2010	1.000%	0.0286%	0.2762%	1.3048%
2011	1.000%	0.0328%	0.2784%	1.3112%

Note: California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of the California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978 Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed valuation.



Source: California Municipal Statistics, Inc.

**CITY OF HOLLISTER, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND PRIOR YEAR**

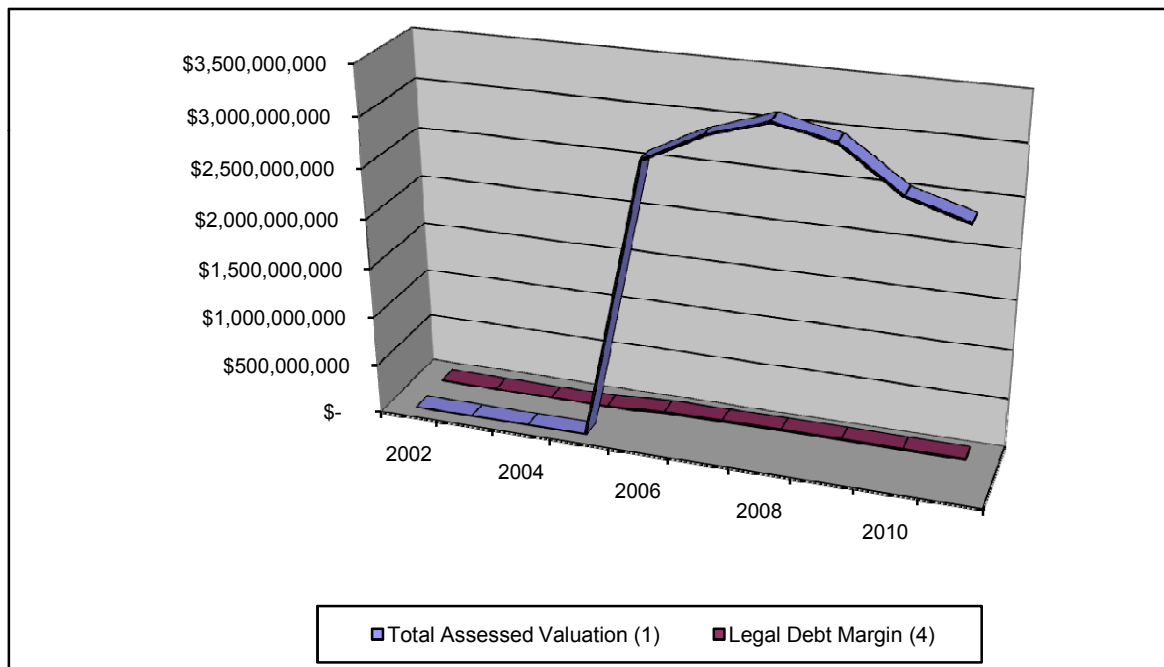
Taxpayer	2011			2002 (1)		
	Rank	Assessed	Percentage	Rank	Assessed	Percentage
		Valuation	of Total Assessed		Valuation	of Total Assessed
Lifesparc Inc.	1	\$ 47,355,648	1.894%		n/a	
K & S Market, Inc.	2	34,305,376	1.372%		n/a	
Janet P. Roberts Family Trust	3	20,658,086	0.826%		n/a	
Award Homes Inc.	4	19,031,307	0.761%		n/a	
Milgard Manufacturing Incorporated	5	16,130,957	0.645%		n/a	
Northwest Packing Co. Inc.	6	14,249,166	0.570%		n/a	
2401 Bert LLC	7	13,442,394	0.538%		n/a	
Edgewood Sunrise North	8	12,501,101	0.500%		n/a	
General Chemical West Liability	9	11,019,057	0.441%		n/a	
Marich Confectionery Associates	10	10,587,163	0.423%		n/a	
Largest Secured Property Valuation		199,280,255	<u>7.971%</u>			<u>0.000%</u>
Other Secured Taxpayers		<u>2,300,645,297</u>				
Total Secured Property Valuation - net of exemptions		<u>\$ 2,499,925,552</u>			<u>\$ -</u>	

Note 1: In accordance with GASB Statement No. 44, the following table presents information for the City's principal taxpayers as of June 30, 2011 and should also be presented for June 30, 2002. However, June 30, 2002 information is not available from the County of San Benito. Information will not be presented until there is a nine year separation.

Source: California Municipal Statistics, Inc.

**CITY OF HOLLISTER, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year	Total Assessed Valuation (1)	Legal Debt Limit (2)	Total Net Debt Applicable to Limit	Legal Debt Margin (4)	Legal Debt Margin/Debt Limit
2002	n/a	n/a	n/a	n/a	n/a
2003	n/a	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a
2006	\$ 2,821,026,672	\$ 35,262,833	\$ -	\$ 35,262,833	100%
2007	3,117,987,379	38,974,842		38,974,842	100%
2008	3,310,975,704	41,387,196		41,387,196	100%
2009	3,182,171,474	39,777,143		39,777,143	100%
2010	2,771,912,186	34,648,902		34,648,902	100%
2011	2,602,330,868	32,529,136		32,529,136	100%



Note:

- (1) Total assessed valuation includes exempt property.
- (2) The legal debt limit is set by statute at 1.25 percent of the total assessed valuation.
- (3) The City does not have any General Bonded Debt.
- (4) The legal debt margin is the legal debt limit reduced by all general bonded debt.

Source: Finance Department, City of Hollister and the County of San Benito County

CITY OF HOLLISTER, CALIFORNIA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TAXABLE ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	City Population (1)	Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenue (2)	Net Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income (1)	Net Bonded Debt per Capita
2002	\$ 36,150	n/a		\$ 15,928,494	\$ 15,928,494	n/a	n/a	\$ 441
2003	36,618	n/a		15,618,014	15,618,014	n/a	n/a	427
2004	36,750	n/a		15,210,954	15,210,954	n/a	n/a	414
2005	36,758	n/a		14,775,066	14,775,066	n/a	n/a	402
2006	36,687	\$ 3,112,647,841		14,311,953	14,311,953	0.459%	n/a	390
2007	36,707	3,305,136,503		128,248,196	128,248,196	3.873%	n/a	3,494
2008	36,878	3,173,866,869		127,660,505	127,660,505	4.012%	n/a	3,462
2009	37,054	2,762,160,352		118,953,880	118,953,880	4.291%	n/a	3,210
2010 (3)	34,925	2,771,912,186		116,983,321	116,983,321	4.220%	n/a	3,350
2011 (3)	35,165	2,602,330,868		104,603,826	104,603,826	4.020%	\$ 1,864	2,975

Source:

(1) State of California, Department of Finance
(www.dof.ca.gov/research/demographic/reports/estimates/)

(2) Finance Department, City of Hollister

(3) Includes 2010 Census Changes

CITY OF HOLLISTER, CALIFORNIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands, except Per Capita and Personal Income)

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary	Percentage of Assessed	Percentage of Personal	Per
	Bonds		Bonds	Loans	Government	Value	Income (1)	Capita
2002	\$ 13,290		\$ 14,825	\$ 1,103	\$ 29,218	n/a	n/a	808
2003	11,995		14,560	1,058	27,613	n/a	n/a	754
2004	42,560		14,195	1,016	57,771	n/a	n/a	1,572
2005	41,330		13,810	965	56,105	n/a	n/a	1,526
2006	40,550		13,400	912	54,862	1.7626%	n/a	1,495
2007	39,815		19,395	853	60,063	1.8173%	n/a	1,636
2008	39,050		126,870	791	166,711	5.2526%	n/a	4,521
2009	38,255		118,230	724	157,209	5.6915%	n/a	4,243
2010	45,420		116,330	653	162,403	5.8589%	n/a	4,650
2011	44,430		104,025	579	149,034	5.7269%	0.04%	4,238

Source:

(1) Trulia.com
(www.trulia.com/real_estate/Hollister-California/community-info/)

CITY OF HOLLISTER, CALIFORNIA
OVERLAPPING BONDED DEBT
JUNE 30, 2011

2010-11 Assessed Valuation:	\$ 2,602,330,868
Redevelopment Incremental Valuation:	<u>990,086,747</u>
Adjusted Assessed Valuation:	<u><u>\$ 1,612,244,121</u></u>

	Total Debt 6/30/2011	% Applicable (1)	City's Share of Debt 6/30/11	
OVERLAPPING TAX AND ASSESSMENT DEBT:				
Gavilan Joint Community College District	\$102,100,000	7.963%	\$8,130,223	
Hollister School District	3,845,000	62.121	2,388,552	
North County Joint Union School District	3,284,906	12.360	406,014	
San Benito Healthcare District	30,620,000	35.169	10,768,748	
City of Hollister	0	100	0	(1)
City of Hollister 1915 Act Bonds	2,497,750	100	2,497,750	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>24,191,287</u></u>	

Ratios to 2010-11 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment D	0.93%

OVERLAPPING GENERAL FUND DEBT:

San Benito County Certificates of Participation	\$230,000	33.673%	\$ 77,448
Monterey Bay Unified Air Pollution Control Authority	2,110,000		44,795
TOTAL OVERLAPPING GENERAL FUND DEBT			<u><u>122,243</u></u>

TOTAL DIRECT DEBT

TOTAL OVERLAPPING DEBT	<u><u>0</u></u>
	<u><u>24,313,530</u></u>

COMBINED TOTAL DEBT

\$ 24,313,530 (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuation:

Combined Total Debt	1.51%
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STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0 AB:(\$425)

AB:(\$425)

Source: California Municipal Statistics, Inc.

CITY OF HOLLISTER, CALIFORNIA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	Fiscal Year										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less:											
Amounts Available in Debt Service Fund											
Total Net Obligation Bonds Outstanding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage of Estimated Actual Taxable Value of Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%	0.00%
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: Finance Department, City of Hollister

**CITY OF HOLLISTER, CALIFORNIA
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	City of Hollister Population (1)	County of San Benito		School Enrollment (3)	Unemployment Rate (4)
		County of San Benito Personal Income (2)	Per Capita Personal Income (2)		
2002	36,150	\$ 1,573,864,000	\$ 28,503	10,677	9.3%
2003	36,618	1,635,546,000	29,535	10,837	10.7%
2004	36,750	1,709,183,000	31,025	10,937	9.4%
2005	36,758	1,748,023,000	31,823	10,199	8.0%
2006	36,687	1,859,490,000	34,139	10,813	7.5%
2007	36,707	1,969,783,000	36,139	10,754	7.1%
2008	36,878	1,954,831,000	35,674	10,586	10.1%
2009	37,054	1,945,249,000	35,331	10,510	16.0%
2010 (5)	34,925	n/a	n/a	9,907	15.6%
2011 (5)	35,165	n/a	n/a	9,834	15.7%

Sources:

- (1) State of California, Department of Finance
(www.dof.ca.gov/research/demographic/reports/estimates/e-1/)
- (2) Bureau of Economic Analysis (www.bea.gov/bea/regional/index.htm/)
- (3) Ed-data (www.ed-data.k12.ca.us)
- (4) U.S. Bureau of Labor Statistics (www.bls.gov)
- (5) Includes 2010 Census Changes

CITY OF HOLLISTER, CALIFORNIA
PRINCIPAL EMPLOYERS
JUNE 30, 2011 and Nine Years Ago

Major County Employers						
Company	2011			2002 ¹		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Natural Select Foods	1000	1	7.19%	n/a	n/a	n/a
Hazel Hawkins Memorial Hospital	575	2	4.14%	n/a	n/a	n/a
San Benito Foods	500	3	3.60%	n/a	n/a	n/a
Pride of San Juan	425	4	3.06%	n/a	n/a	n/a
Milgard	330	5	2.37%	n/a	n/a	n/a
San Benito High School District	245	6	1.76%	n/a	n/a	n/a
Quantic Halex	240	7	1.73%	n/a	n/a	n/a
McCormick Selph	220	8	1.58%	n/a	n/a	n/a
Semifab	200	9	1.44%	n/a	n/a	n/a
Target	167	10	1.20%	n/a	n/a	n/a
Safeway	153	11	1.10%	n/a	n/a	n/a
Guerra Nut Shelling Co. Inc.	130	12	0.94%	n/a	n/a	n/a
City of Hollister	117	13	0.84%	n/a	n/a	n/a
Granite Rock	112	14	0.81%	n/a	n/a	n/a
Cable Car Sunglasses	110	15	0.79%	n/a	n/a	n/a
Corbin, Inc.	105	16	0.76%	n/a	n/a	n/a
Lifesparc Inc.	100	17	0.72%	n/a	n/a	n/a
Safety Storage	100	18	0.72%	n/a	n/a	n/a
California PC Products	100	19	0.72%	n/a	n/a	n/a
West Marine	85	20	0.61%	n/a	n/a	n/a
Total	<u>5,014</u>		<u>36.07%</u>			

¹ The information is not available as the City did not track this information until 2009.

Source: Finance Department, City of Hollister and San Benito County Chamber of Commerce

CITY OF HOLLISTER, CALIFORNIA
MISCELLANEOUS STATISTICAL INFORMATION
JUNE 30, 2011

Geographical Location:	The City is located at the north end of San Benito County, which is surrounded by Santa Cruz, Santa Clara, Merced, Fresno, and Monterey Counties. The City is located approximately 95 miles south of San Francisco, 40 miles south of San Jose, 30 miles northeast of Salinas, and 40 miles east of Monterey.		
Area of City:	6.6 square miles		
County Seat:	Hollister, California		
Date of Incorporation:	August 29, 1872		
Form of Government:	General Law City, governed by a five-member City Council		
Fiscal Year Begins:	July 1		
City Employees:	as of June 30, 2011:	121	

Source: Finance Department, City of Hollister

**CITY OF HOLLISTER, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS**

Function/Program	For the Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Police					
Criminal Citations Issued	1,976	1,352	2,113	1,184	1,329
Parking Citations	401	399	722	950	1,399
Fire					
Number of Calls Received	2,072	1,973	1,921	1,856	1,868
Public Works					
Streets Resurfacing (Miles)	7	-	-	-	2
Tons of Debris Collected by Street Sweepers	681	708	691	463	960
Community Services					
Facility Rentals	n/a	621	745	745	758
Community Development					
Building Inspections Completed	727	604	607	1,960	2,006
Total Permits Issued	882	645	647	506	513
Water					
Million Gallons Water Treated	934	903	1,014	800	1,047
Percent of Drinking Water Regulations Met	99%	99%	99%	99%	99%
Wastewater					
Million Gallons Waste Water Treated	931	807	730	1,000	762
Miles of Wastewater Collection System Pipes Cleaned	8.6	23.8	38.2	22.5	4.4
Percent of Discharge Requirement Met	99%	99%	99%	95%	99%
Airport					
Hangar/ Buildings Customers	92	92	90	87	87

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

Source: Various City Departments, City of Hollister

**CITY OF HOLLISTER, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST THREE FISCAL YEARS**

Function/Program	For the Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Police					
Stations	1	1	1	1	1
Fire					
Stations	1	2	2	2	2
Public Works					
Streets (Miles)	95	95	95	95	95
Community Services					
Parks Acreage	58.75	58.75	108.75	108.75	108.75
Parks	12	12	13	13	13
Tennis Courts	3	3	3	3	3
Community Buildings	3	3	3	3	3
Water					
Number of Pump Stations/ Booster Stations	1	1	1	1	1
Number of Treatment Plants	1	1	1	1	1
Number of Wells	6	6	6	6	6
Wastewater					
Number of Treatment Plants	2	2	2	2	2
Number of Lift Stations	4	4	4	4	4
Airport					
Runways, Taxiways, Ramps, and Hanger Areas (Paved Surface in sq. ft)(in thousand)	2,455	2,455	2,455	2,455	2,455
Parking					
Number of Parking Structures and Lots	10	10	10	10	10
Number of Parking Spaces	425	425	425	425	425

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

Source: Various City Departments, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/ PROGRAM
LAST SIX FISCAL YEARS

Function/Program	Full-time Equivalent Employees						
	2005	2006	2007	2008	2009	2010	2011
General government:							
City Clerk/ Treasurer	3	2	2	1	1	1	1
City Attorney			1	1	1	1	1
City Manager	1	1	1	1	1	1	1
Community Development	6	6	6	7	9	8	7
Engineering	8	8	8	8	8	7	7
Administration	14	16	13	14	16	16	16
Public Safety:							
Police Protection	31	28	29	29	29	28	28
Animal Control	4	4	2	4	4	4	3
Fire Protection	26	26	24	25	25	25	25
Public Works:							
Public Works	6	7	4	3	5	2	2
Operations and Maintenance	13	15	12	11	12	6	6
Utilities:							
Water	9	7	7	8	8	9	9
Wastewater	7	7	7	6	6	9	9
Recreation	2	3	3	3	3	3	3
Airport	4	1	2	2	3	3	3
	134	131	121	123	131	123	121

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

Source: Payroll Department, City of Hollister, CA

GLOSSARY

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See **DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.**

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **DUE FROM OTHER FUNDS.**

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET. The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to when revenues, expenditures, expenses, and transfers - and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, and improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant and equipment.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY. The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE. An agreement that conveys the right to use property, plant or equipment, usually for a stated period of time. See **LEASE-PURCHASE AGREEMENTS**.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT. An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFR's and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS. The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

COMPENSATED ABSENCES. Absences, such as vacation, illness and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONCENTRATION OF CREDIT RISK. The risk of loss attributed to the magnitude of a government's investment in a single issuer.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CREDIT RISK. The risk that an issuer or a counter-party to an investment will not fulfill its obligations.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g. bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED REVENUE. Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DESIGNATED FUND BALANCE. A portion of an unreserved fund balance that has been "earmarked" by the chief executive officer or the legislative body for specified purposes.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlement and shared revenues.

EXPENSES. Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION. A corporation created by the federal government that insures deposits in banks and savings associations.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g. receivables, investments). Financial resources may also include inventories and pre-pays (because they obviate the need to expend current available resources).

FISCAL AGENT. A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FOREIGN EXCHANGE RISK. The risk that changes in exchange rate will adversely affect the fair value of an investment or a deposit.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with government-wide financial statements.

FUND TYPE. Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax – for example, property tax, sales tax, and transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERAL FUND. The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by SAS No. 69, The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government’s governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of net activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

INTEREST RATE RISK. The risk that changes in interest rates will adversely affect the fair value of an investment or a deposit.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE. A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE. As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

LEASE-PURCHASE AGREEMENTS. Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE. An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets or liabilities are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS. A way of presenting an entity's financial performance and position by considering which resources are measured (financial or economic) and when the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g. bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OPERATING LEASE. A lease does not transfer ownership rights, risks and rewards from the lessor to the lessee, the lease is called an operating lease and is similar to a rental.

OTHER FINANCING USES. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OVERLAPPING DEBT. The proportionate share property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESERVED FUND BALANCE. The portion of a governmental fund's net assets that is not available for appropriation.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET ASSETS. A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RETAINED EARNINGS. An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self insurance is a misnomer.

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities and electric power authorities.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of the collection of taxes and revenues, usually retirable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

UNDESIGNATED UNRESERVED FUND BALANCE. That portion of a fund balance that is available for spending or appropriation and has not been "earmarked" for specified purposes by the chief executive officer or the legislative body.

UNQUALIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESERVED FUND BALANCE. That portion of a fund balance available for spending or appropriation in the future.

UNRESTRICTED NET ASSETS. That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

VARIABLE-RATE INVESTMENT. An investment with terms that provide for the adjustment of its interest rate (such as the last day of the month or a calendar quarter) and that, upon each adjustment until the final maturity of the instrument or the period remaining until the principal amount can be recovered through demand, can reasonably be expected to have a fair value that will be unaffected by interest rate changes.